

CITY OF EFFINGHAM, ILLINOIS

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

For the year ended April 30, 2022



CITY OF EFFINGHAM, ILLINOIS

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CITY OF EFFINGHAM, ILLINOIS

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CITY OF EFFINGHAM, ILLINOIS

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October 31, 2022

To: Mayor and Members of the City Council
Residents of the City of Effingham, Illinois

Re: Letter of Transmittal to the Annual Comprehensive Financial Report of the City of Effingham for the Fiscal year ended April 30, 2022

State law requires that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). The statement must be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we hereby issue the Audited Annual Financial Report of the City of Effingham, Illinois (the “City”) for the fiscal year ended April 30, 2022.

This report consists of management’s representations concerning the finances of the City. The management of the City is responsible for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established an internal control framework that is designed both to protect the government’s assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City’s internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the information contained in this financial report is complete and reliable in all material respects.

West & Company, LLC, a certified public accounting firm has audited the City’s financial statements. The goal of the independent audit was to provide reasonable assurance that financial statements of the City for the fiscal year ended April 30, 2022 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended April 30, 2022 are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component for the financial section of this report.

The independent audit of the financial statements of the City was performed under *Government Auditing Standards*. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements and other matters.

Governmental accounting standards require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditor.

Profile of Government

The City of Effingham, incorporated in 1867, is located in Effingham County in east central Illinois on Interstates 57/70, 200 miles south of Chicago. It lies about midway between St. Louis and Indianapolis. The City's population is 12,252 persons.

The City is empowered to levy a property tax on real property located within its boundaries. A local sales tax and state shared revenues are the other major sources of revenue for governmental operations. State statutes enable extension of the corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. The City is a non-home rule municipality, which may adopt local ordinances to govern its affairs and provide services, but only if authorized by an enabling state statute.

The City provides an extensive array of municipal services including public safety, public works, community development, health, welfare, cemetery, cultural services, a water and sewer utility as well as internal management support functions. The City is financially accountable for a Public Library, and Police and Firefighter Pension Funds, which are reported separately within the City's financial statements.

The City operates under a commission form of local government. The City council, which has policymaking and legislative authority, consists of a mayor and four commissioners. The council members are elected on a nonpartisan "at large" basis every four years to a four-year term. The City council, among other things, is responsible for passing ordinances and resolutions, and adopting the annual municipal budget.

In addition to their legislative functions, the mayor and commissioners have individual administrative powers and duties. The mayor is the chief executive officer of the municipality, responsible for legal issues, police protection, engineering, tourism, economic development, and building code enforcement. One commissioner is responsible for finance and general administration, another commissioner is responsible for street maintenance and sewer utilities, and another commissioner is responsible for fire protection, water utilities and health and safety. A fourth commissioner is responsible for the cemetery, vehicle maintenance, and public property.

The City Administrator serves the Mayor and City Council in the oversight of the day to day operations of the City. The City Administrator serves as the personnel director of the City, creates the agendas for the Council meetings, directs and supervises all departments of the City, prepares the annual budget for Council consideration, prepares public policy for Council consideration, and oversees the overall financial status of the City, including the City's fixed assets.

The Treasurer assumes responsibility for day-to-day management of the Treasurer's Office sharing responsibility and accountability for the integrity of the organizational accounting function with the City Treasurer.

Financial Planning & Control

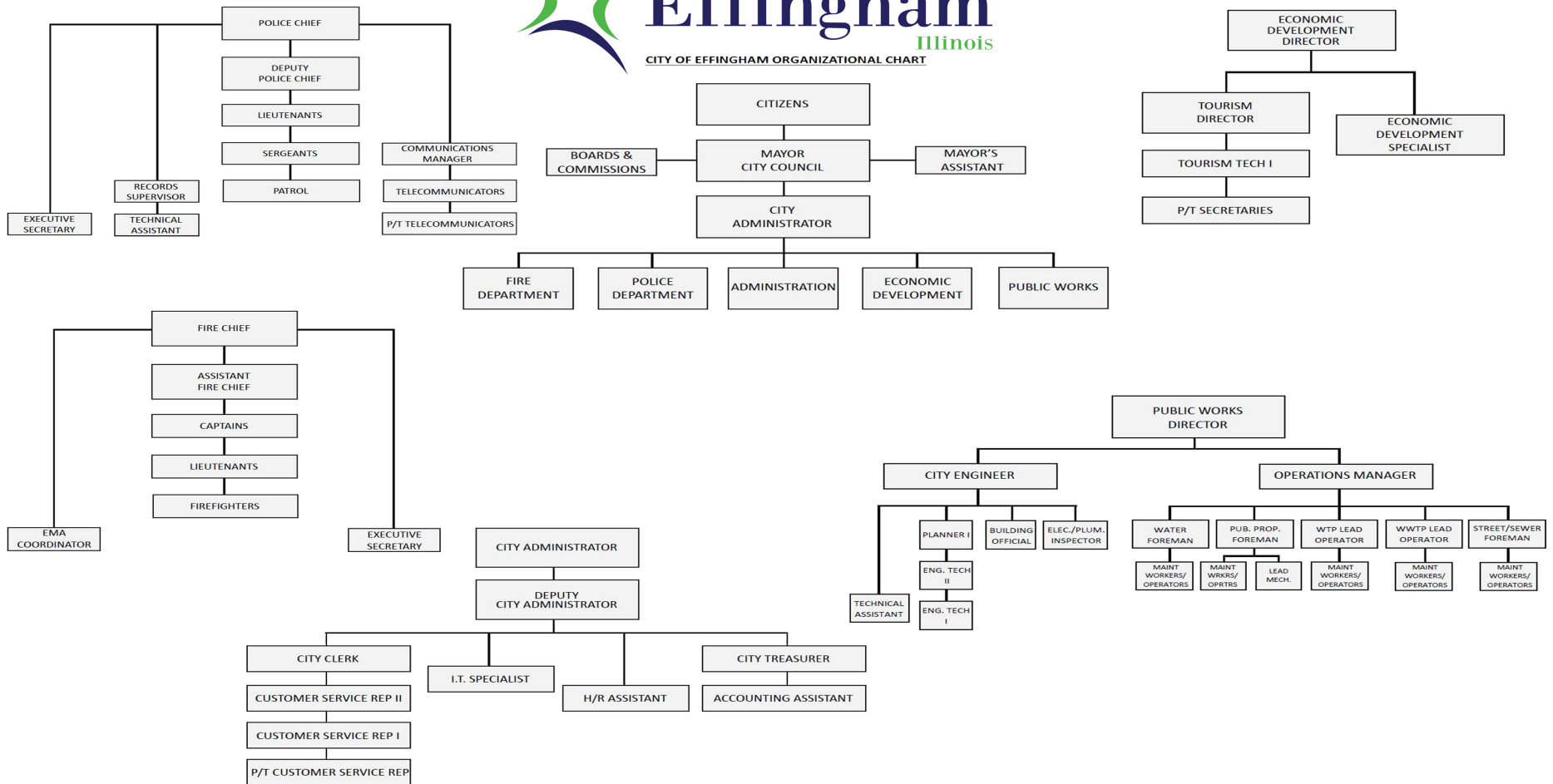
The budget serves as the foundation for the City's planning and control. The City's fiscal year begins May 1st and ends April 30th.

All municipal departments, commissions, boards and agencies seeking funding from the municipality are required to submit requests for budget to the City Administrator. The City Administrator uses these requests as the starting point for formulating a tentative budget.

The Budget is presented in account code classifications that enable reporting of financial data by fund, functions, and objects of expenditure. Budget to actual comparisons are provided for each individual major governmental fund for which an annual budget had been adopted. This comparison is presented following the "Notes to the Financial Statements".

CITY OF EFFINGHAM, ILLINOIS

ORGANIZATIONAL CHART



CITY OF EFFINGHAM, ILLINOIS

**LIST OF ELECTED AND APPOINTED OFFICIALS
April 30, 2022**

MAYOR AND CITY COUNCIL

Mike Schutzbach, Mayor – Public Affairs
Hank Stephens, Commissioner – Accounts and Finance
Libby Moeller, Commissioner – Streets and Public Improvements
Merv Gillenwater, Commissioner – Public Health and Safety
Larry Micenheimer, Commissioner – Public Property

EXECUTIVE STAFF

Steven W. Miller, City Administrator
Dennis Presley, Deputy City Administrator
Tracy Willenborg, City Attorney
Chris Roedl, Building Official
Brant Yochum, Fire Chief
Justin Hayes, Public Works Operation Manager
Todd Hull, Economic Development Director
Jodi Thoele, Tourism Director
Abbey Nosbisch, City Clerk
Amanda McKay, City Librarian
Jeremy Heuerman, Director of Public Works
Caitlin James, Treasurer
Billie Bales, Telecommunications Manager
Christopher Niemerg, Electrical/Plumbing Inspector
Jason McFarland, Chief of Police

FINANCIAL SECTION



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Effingham, Illinois 62401

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INDEPENDENT AUDITORS' REPORT

Mayor and City Commissioners
City of Effingham, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Effingham, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Effingham, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Effingham and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Effingham's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Effingham's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pensions' schedules of changes in the net pension liability and related ratios, schedule of employer contributions, schedules of annual money-weighted rate of return and employer contributions, notes to schedules of employer contributions, other post-employment benefits schedule of employer contributions and other post-employment benefits schedule of changes in the net OPEB liability and related ratios on pages 16 through 24 and 106 through 119 be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Effingham, Illinois' basic financial statements. The combining nonmajor fund financial statements and Illinois Grant Accountability and Transparency Section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements and Illinois Grant Accountability and Transparency Section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the Illinois Grant Accountability and Transparency Section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the City of Effingham, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Effingham, Illinois' internal control over financial reporting and compliance.

West & Company, LLC

Effingham, Illinois
October 31, 2022



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

Mayor and City Commissioners
City of Effingham, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Effingham, Illinois as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Effingham, Illinois' basic financial statements, and have issued our report thereon dated October 31, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Effingham, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Effingham, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Effingham, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Effingham, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Effingham, Illinois' Response to Finding

The City of Effingham, Illinois' response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Effingham, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West & Company, LLC

Effingham, Illinois
October 31, 2022

CITY OF EFFINGHAM, ILLINOIS

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended April 30, 2022**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

CITY OF EFFINGHAM, ILLINOIS

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended April 30, 2022**

Section II: Financial Statement Findings

Finding No.: 2022-001 Controls Over Financial Statement Preparation

Criteria:

The City of Effingham is required to maintain a system of controls over the preparation of financial statements in accordance with the modified accrual and accrual bases of accounting. This system includes reporting governmental receivables and the related deferred inflow of resources, recording pension amounts and other liabilities, classifying construction project expenditures between capital and non-capital accounts, and properly allocating fund balance and net position. City internal controls over financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review the financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board.

GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government’s major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Condition:

The City of Effingham lacks sufficient internal controls over the financial reporting process. While the City maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the modified accrual and accrual bases of accounting financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

The additional expense to hire and/or train accounting personnel to comply with these requirements would take away from the funds available to provide services for City residents.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CITY OF EFFINGHAM, ILLINOIS

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended April 30, 2022**

Section II: Financial Statement Findings

Finding No.: 2022-001 Controls Over Financial Statement Preparation (Continued)

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the City of Effingham should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the City of Effingham's activities and operations.

Responsible Official's Response:

The City accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise or properly train current employees to comply with these requirements would take away from the funds available to provide services for City residents. The City will continue to review, approve, and accept responsibility for the audit adjustments, financial statements, and related notes provided by the auditors.

CITY OF EFFINGHAM, ILLINOIS
CORRECTIVE ACTION PLAN
FOR CURRENT YEAR AUDIT FINDINGS
For the year ended April 30, 2022

Corrective Action Plan

Finding No.: 2022-001 Controls Over Financial Statement Preparation

Condition:

The City of Effingham lacks sufficient internal controls over the financial reporting process. While the City maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the modified accrual and accrual bases of accounting financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Plan:

The City of Effingham accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide services to the City. The City will continue to review, approve, and accept responsibility for the audit adjustments, financial statements and related notes provided by the auditors until a solution is determined.

Anticipated Date of Completion:

N/A

Name of Contact Person:

Steven W. Miller, City Administrator

CITY OF EFFINGHAM, ILLINOIS

SUMMARY OF PRIOR AUDIT FINDINGS

For the year ended April 30, 2022

Audit Finding Reference: 2021-001, The City of Effingham lacks sufficient expertise to prepare and review their accrual-basis financial statements.

Status of Prior Finding: Repeated, the City of Effingham plans to seek options to correct the deficiency.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the City of Effingham is intended to provide an overview of the City's financial activities for the fiscal year ended April 30, 2022. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the letter of transmittal and the financial statements.

FINANCIAL HIGHLIGHTS

- The City of Effingham has total assets and deferred outflows of resources of \$144,595,805 and liabilities and deferred inflows of resources of \$51,853,007 resulting in net position of \$92,742,798 as of April 30, 2022. Of the net position, \$73,625,814 represents the City's net investment in capital assets, \$16,506,398 is held for restricted purposes, and \$2,610,586 is available to meet the City's ongoing obligations to its citizens and creditors.
- During FY 2022, the City continued to effectuate the projects and purchases within the City's approved capital improvements plan. The projects included implementing quiet zones near railroad crossings, a new waste water treatment plant and equipment, several water main repairs, and sidewalk and street repairs.
- Illinois statutes restrict municipality general obligation debt to less than 8.625% of equalized property value. The City's general obligation debt is well below the statutory limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Effingham's basic financial statements. The City of Effingham's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business entities.

The *Statement of Net Position* presents information on all of the City of Effingham's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, etc).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (known as governmental activities) from other functions

that are intended to recover all or a significant portion of their costs through user fees and services charges (business-type activities). The governmental activities of the City of Effingham include general government, public safety, public works, culture and recreation, economic development, and other miscellaneous activities. The business-type activities of the City include the water and sewer services.

In addition to these various direct operations of the City, or primary government, the government-wide financial statements also include financial information related to legally distinct entities for which the City has financial responsibility and accountability, known as component units. The City of Effingham's component units include the Effingham Firefighters Pension Fund, Effingham Police Pension Fund, and the Effingham Public Library. These entities are described in Note 1 following the financial statements.

The government-wide financial statements can be found on pages 25 – 27 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Effingham, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City of Effingham can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Effingham maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Tax Increment Financing fund, the Capital Projects fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Effingham adopts an annual budget for its governmental funds. A budgetary comparison has been provided for the General fund and the Tax Increment Financing fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28 – 37 of this report.

Proprietary Funds

The City of Effingham currently maintains one proprietary fund type. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utilities, both of which are considered to be major funds of the City of Effingham.

The proprietary fund financial statements can be found on pages 38 - 42 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Effingham's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City does not have any fiduciary funds, but it does include the Effingham Police Pension Fund and the Effingham Firefighters Pension Fund, both of which are fiduciary type discretely presented component units.

The basic fiduciary fund financial statements can be found on pages 43 – 44 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Effingham's progress in funding its obligation to provide pension and postemployment benefits to its employees. The required supplementary information with regards to the pensions and OPEB can be found on pages 107 - 117 of this report.

Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are presented following the required supplemental information on pension and postemployment benefits. The City of Effingham prepares its budget on the cash basis of accounting and the statements are prepared on the modified accrual basis of accounting. It does not appear that the resulting difference would have a material effect on the financial statements. These statements can be found on pages 118 - 120 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the budget versus actual statements on major funds. Combining fund statements can be found on pages 121 - 128 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Effingham, assets and deferred outflows exceeded liabilities and deferred inflows by \$92,742,798 at the close of the most recent fiscal year.

By far the largest portion of the City of Effingham's net position (79%) reflects its net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The City of Effingham uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Effingham's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Effingham's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining excess of unrestricted net position is \$2,610,586.

The primary government's net position increased by \$8,147,929. It has continued to increase from the prior year increase in net position of \$6,909,473. Sales and hotel/motel tax revenue contributed to the majority of increase in revenue, although all other areas of revenue increased as well during the year. Public works expenses increased during the year due the startup of road and infrastructure maintenance that had been held off on in the prior year.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 42,452,833	\$ 33,382,035	\$ 8,579,813	\$ 6,565,130	\$ 51,032,646	\$ 39,947,165
Capital assets (net)	55,241,332	55,440,394	31,300,260	31,928,997	86,541,592	87,369,391
Total assets	97,694,165	88,822,429	39,880,073	38,494,127	137,574,238	127,316,556
Deferred outflows of resources	6,684,281	7,801,710	337,286	492,216	7,021,567	8,293,926
Current liabilities	2,092,118	1,092,633	344,235	308,497	2,436,353	1,401,130
Non-current liabilities	30,436,505	29,531,581	2,614,494	3,244,588	33,050,999	32,776,169
Total liabilities	32,528,623	30,624,214	2,958,729	3,553,085	35,487,352	34,177,299
Deferred inflows of resources	14,784,169	15,372,463	1,581,486	988,153	16,365,655	16,360,616
Net investment in capital assets	43,969,840	44,258,341	29,655,974	29,746,050	73,625,814	74,004,391
Restricted	15,103,565	11,204,503	111,669	314,998	15,215,234	11,519,501
Unrestricted	(2,007,751)	(4,835,382)	5,909,501	4,384,057	3,901,750	(451,325)
Total net position	\$ 57,065,654	\$ 50,627,462	\$ 35,677,144	\$ 34,445,105	\$ 92,742,798	\$ 85,072,567
Total net position as a % of total liabilities and deferred inflows of resources	120.61%	110.07%	785.80%	758.50%	178.86%	168.33%
Unrestricted net position as a % of total liabilities and deferred inflows of resources	-4.24%	-10.51%	130.16%	96.54%	7.52%	-0.89%

Governmental activities

Governmental activities increased the City of Effingham's net position by \$6,915,890, thus increasing the net position of the City of Effingham by 8.33 percent. Key elements of this increase are shown on the schedule on the next page.

Business-type activities

Business-type activities increased the City of Effingham's net position by \$1,232,039, thus increasing the net position of the City of Effingham by 1.48 percent. Key elements of this increase are shown on the schedule on the next page.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 611,024	\$ 782,538	\$ 6,511,716	\$ 6,075,331	\$ 7,122,740	\$ 6,857,869
Operating grants and contributions	200,408	681,856	-	-	200,408	681,856
Capital grants and contributions	288,253	574,265	15,000	-	303,253	574,265
General revenue:						
Property taxes	8,809,694	8,434,858	-	-	8,809,694	8,434,858
Sales taxes	11,099,261	9,645,652	-	-	11,099,261	9,645,652
Income taxes	1,951,345	1,642,453	-	-	1,951,345	1,642,453
Motor fuel taxes	490,821	439,256	-	-	490,821	439,256
Hotel/motel taxes	1,182,005	627,036	-	-	1,182,005	627,036
Utility taxes	443,127	420,294	-	-	443,127	420,294
Other taxes	1,632,289	1,035,831	-	-	1,632,289	1,035,831
Unrestricted investment earnings	34,192	92,042	10,350	23,470	44,542	115,512
Other revenues	473,661	266,396	-	-	473,661	266,396
Gain (loss) on sale of capital assets	(65,195)	3,500	(17,587)	3,478	(82,782)	6,978
Total revenue	<u>27,150,885</u>	<u>24,645,977</u>	<u>6,519,479</u>	<u>6,102,279</u>	<u>33,670,364</u>	<u>30,748,256</u>
Expenses:						
General government	2,116,382	2,511,334	-	-	2,116,382	2,511,334
Public safety	8,985,365	9,329,299	-	-	8,985,365	9,329,299
Public works	5,783,238	3,268,302	-	-	5,783,238	3,268,302
Culture and recreation	614,599	605,765	-	-	614,599	605,765
Economic development	1,921,497	2,192,450	-	-	1,921,497	2,192,450
Interest on long-term debt	324,107	380,126	-	-	324,107	380,126
Water	-	-	3,332,430	3,034,513	3,332,430	3,034,513
Sewer	-	-	2,444,817	2,516,994	2,444,817	2,516,994
Total expenses	<u>19,745,188</u>	<u>18,287,276</u>	<u>5,777,247</u>	<u>5,551,507</u>	<u>25,522,435</u>	<u>23,838,783</u>
Change in net position before transfers	7,405,697	6,358,701	742,232	550,772	8,147,929	6,909,473
Transfers	<u>(489,807)</u>	<u>(1,045,316)</u>	<u>489,807</u>	<u>1,045,316</u>	<u>-</u>	<u>-</u>
Change in net position	6,915,890	5,313,385	1,232,039	1,596,088	8,147,929	6,909,473
Net position, beginning of year as restated	50,149,764	45,314,077	34,445,105	32,849,017	84,594,869	78,163,094
Net position, end of year	<u>\$ 57,065,654</u>	<u>\$ 50,627,462</u>	<u>\$ 35,677,144</u>	<u>\$ 34,445,105</u>	<u>\$ 92,742,798</u>	<u>\$ 85,072,567</u>

Financial Analysis of the Governments' Funds

As noted earlier, the City of Effingham uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Government funds

The focus of the City of Effingham's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Effingham's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Effingham's governmental funds reported combined ending fund balances of \$29,169,634, an increase of \$5,602,148 in comparison with the prior year. The majority of the fund balance, \$15,477,857 constitutes restricted fund balance. The remainder of the fund balance is nonspendable, \$172,384 and unassigned, \$13,519,393.

The General fund is the chief operating fund of the City of Effingham. At the end of the current fiscal year, unassigned fund balance of the General fund was \$13,519,393, while total fund balance was \$15,085,592. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance and total fund balance represents 106 percent and 118 percent of the total General fund expenditures, respectively.

The General fund net change in fund balance was \$2,705,737 and \$3,085,679 for the years ended April 30, 2022 and 2021, respectively. The City's construction and maintenance increased as it attempted to catch-up or recover from the previous year's needed and planned purchases per the 5-Year Capital Plan.

The fund balance of the City of Effingham's Tax Increment Financing Fund - Main (TIF 1) decreased by \$149,385 during the current fiscal year to \$3,605,765. The decrease is primarily due to an increase in construction and maintenance activity.

BUDGETARY HIGHLIGHTS

The original 2022 General fund budget authorized expenditures and other financing uses of \$19,273,908 funded by anticipated revenues and other financing sources of \$15,334,250 leaving the amount of expenditures and other financing uses over revenues and other financing sources of \$3,939,658. The actual amount of revenues and other financing sources over expenditures and other financing uses was \$2,705,737, a positive budget to actual variance of \$6,645,395.

The original 2022 Tax Increment Financing fund budget authorized expenditures and other financing uses of \$6,852,100 funded by anticipated revenues and other financing sources of \$3,427,100 leaving the amount of expenditures and other financing uses over revenues and other financing sources of \$3,425,000. The actual expenditures and other financing uses over revenues and other financing sources was \$149,385, a positive budget to actual variance of \$3,275,615. This variance is the result of fewer capital projects being started.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2022, amounts to approximately \$87 million, net of accumulated depreciation. This investment includes land, buildings and system, improvements, machinery and equipment, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 0.95 percent (0.23 percent decrease for governmental activities and a 0.72 percent decrease for business-type activities).

Major capital asset activity during the current fiscal year included the following:

- Completion of quiet zones at railroad crossings
- Completion of Hickory Hills and Marvon Drive water mains
- Completion of the waste water treatment plant and equipment upgrades
- Completion of the Maple Street sanitary sewer

The total costs of these capital projects total over \$2.1 million.

City of Effingham's Capital Assets (net of accumulated depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 8,489,224	\$ 138,222	\$ 8,627,446
Buildings and system	15,214,310	27,147,887	42,362,197
Improvements	1,303,932	2,519,802	3,823,734
Machinery and equipment	2,600,477	828,661	3,429,138
Infrastructure	26,109,146	-	26,109,146
Construction in progress	1,524,243	665,688	2,189,931
	<u>\$ 55,241,332</u>	<u>\$ 31,300,260</u>	<u>\$ 86,541,592</u>

DEBT

At the end of the current fiscal year, the City had total debt outstanding of \$12,726,995. The City's debt represents bonds secured solely by specified revenue sources (i.e., alternate revenue bonds) issued to finance the water treatment plant, the new police station and refinance prior debt.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General obligation bonds	\$ 9,275,000	\$ -	\$ 9,275,000
Refunding bonds	1,165,000	1,670,000	2,835,000
Obligations under capital leases	616,995	-	616,995
	<u>\$ 11,056,995</u>	<u>\$ 1,670,000</u>	<u>\$ 12,726,995</u>

NET PENSION AND OPEB LIABILITY (ASSET)

At the end of the current fiscal year, the City had total net pension and OPEB liability (asset) as follows:

	Governmental Activities	Business-type Activities	Total
IMRF net pension asset	\$ (3,060,538)	\$ (1,291,164)	\$ (4,351,702)
Firefighter's net pension liability	7,187,533	-	7,187,533
Police net pension liability	7,469,823	-	7,469,823
Net OPEB liability	2,581,701	361,079	2,942,780
	<u>\$ 14,178,519</u>	<u>\$ (930,085)</u>	<u>\$ 13,248,434</u>

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The COVID-19 pandemic hit in March 2020 and a moratorium was placed on purchasing capital vehicles, equipment and proceeding with projects for the City's fiscal year ended April 30, 2021. The City's sales tax rebounded quickly and continues to perform well. Since fiscal year ended April 30, 2021 the City attempted to catch-up or recover from the previous year's needed and planned purchases per the 5-Year Capital Plan. Although General Fund balances have increased, primarily due to sale tax revenues partially attributed to inflation, these funds will be needed to meet past and future planned purchases. The City expects to utilize these finds to meet the same past needs along with the future needs.

Other factors to consider while moving forward include:

- The expiration of Tax Increment Financing District # 1 (TIF #1). The TIF #1 funds have historically been used for general maintenance, salaries, and infrastructure to support the district boundaries.
- Inflation has increased from 2.25% to 8-9%. The same planned purchases and projects are more expensive. Some capital projects were pushed to Fiscal Year 2022-2023 due to these increases. The City projects two (2) to four (4) years to meet the original goals from the previous fiscal year's capital plans. The ARPA funds received are expected to be used to partially assist with this recovery.
- Pension Funds have lost considerable value due to the current market conditions. The current actuarial report expects a one (1) to five (5) year recovery, or twenty percent (20%) increase in needed funds over the next four (4) years.
- The City also has several large capital projects that it desires to complete in the coming years. The General Fund will likely be the primary source of funding to complete these projects, due to the lack of other funding sources (i.e., TIF).

Despite the continued recovery from the pandemic, the City continued to lure industry and commercial business to the City. Several infrastructure grants were applied for and received to continue to make the City a desired location for business. The City also pressed to improve workforce needs including housing and daycare. Although the City continues to be financially responsible and sound, there is no reason to become comfortable without thoughtful forward planning and unexpected economy changes as recently suffered.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Clerk's Office at 201 East Jefferson, Effingham, Illinois, 62401. The City Clerk can also be reached at (217) 342-5301.

BASIC FINANCIAL STATEMENTS

CITY OF EFFINGHAM, ILLINOIS

STATEMENT OF NET POSITION
April 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
Assets:				
Cash and cash equivalents	\$ 25,278,409	\$ 5,933,320	\$ 31,211,729	\$ 1,103,197
Receivables, net	10,828,179	972,661	11,800,840	966,000
Investments, at fair value	1,401,985	-	1,401,985	
Internal balances	7,837	(7,837)	-	-
Inventories	-	164,541	164,541	-
Prepays	172,384	54,011	226,395	8,943
Restricted assets:				
Cash	1,703,501	171,953	1,875,454	941,281
Capital assets (net of accumulated depreciation):				
Land	8,489,224	138,222	8,627,446	-
Buildings and system improvements	15,214,310	27,147,887	42,362,197	5,776,049
Machinery and equipment	1,303,932	2,519,802	3,823,734	43,555
Infrastructure	2,600,477	828,661	3,429,138	18,897
Construction in progress	26,109,146	-	26,109,146	-
Net pension asset	1,524,243	665,688	2,189,931	-
	3,060,538	1,291,164	4,351,702	430,388
Total assets	97,694,165	39,880,073	137,574,238	9,288,310
Deferred Outflows of Resources:				
Deferred amount on bond refunding	-	111,697	111,697	-
Deferred OPEB	403,094	56,377	459,471	-
Deferred pensions	6,281,187	169,212	6,450,399	56,403
Total deferred outflows of resources	6,684,281	337,286	7,021,567	56,403

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

STATEMENT OF NET POSITION (Continued)
April 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
Liabilities:				
Accounts payable	\$ 924,562	\$ 266,937	\$ 1,191,499	\$ 74,476
Accrued interest payable	116,279	17,014	133,293	5,520
Unearned revenue and deposits	1,051,277	-	1,051,277	-
Customer deposits	-	60,284	60,284	-
Noncurrent liabilities:				
Due within one year	1,015,282	461,374	1,476,656	49,254
Due in more than one year	29,421,223	2,153,120	31,574,343	792,677
Total liabilities	<u>32,528,623</u>	<u>2,958,729</u>	<u>35,487,352</u>	<u>921,927</u>
Deferred Inflows of Resources:				
Deferred property taxes	7,244,773	-	7,244,773	966,000
Deferred pensions	6,870,053	1,487,871	8,357,924	495,957
Deferred OPEB	669,343	93,615	762,958	-
Total deferred inflows of resources	<u>14,784,169</u>	<u>1,581,486</u>	<u>16,365,655</u>	<u>1,461,957</u>
Net Position:				
Net investment in capital assets	43,969,840	29,655,974	73,625,814	5,023,206
Restricted for:				
Culture and recreation	2,909,526	-	2,909,526	-
Capital projects	565,696	-	565,696	-
Economic development	8,338,010	-	8,338,010	-
General government	399,658	-	399,658	414,796
Highways and streets	1,699,655	-	1,699,655	-
Net pension benefits	379,439	-	379,439	56,384
Public safety	249,977	-	249,977	-
Construction and repairs	-	-	-	460,936
Debt service	561,604	111,669	673,273	-
Unrestricted	<u>(2,007,751)</u>	<u>5,909,501</u>	<u>3,901,750</u>	<u>1,005,507</u>
Total net position	<u>\$ 57,065,654</u>	<u>\$ 35,677,144</u>	<u>\$ 92,742,798</u>	<u>\$ 6,960,829</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF ACTIVITIES
For the year ended April 30, 2022**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Library
		Charges for Services, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Functions/Programs:								
Primary government:								
Governmental activities:								
General government	\$ 2,116,382	\$ 371,020	\$ 31,581	\$ -	\$ (1,713,781)	\$ -	\$ (1,713,781)	
Public safety	8,985,365	153,703	14,021	-	(8,817,641)	-	(8,817,641)	
Public works	5,783,238	86,301	-	288,253	(5,408,684)	-	(5,408,684)	
Culture and recreation	614,599	-	154,806	-	(459,793)	-	(459,793)	
Economic development	1,921,497	-	-	-	(1,921,497)	-	(1,921,497)	
Interest on long-term debt	324,107	-	-	-	(324,107)	-	(324,107)	
Total governmental activities	<u>19,745,188</u>	<u>611,024</u>	<u>200,408</u>	<u>288,253</u>	<u>(18,645,503)</u>	<u>-</u>	<u>(18,645,503)</u>	
Business-type activities:								
Water	3,332,430	3,442,576	-	-	-	110,146	110,146	
Sewer	2,444,817	3,069,140	-	15,000	-	639,323	639,323	
Total business-type activities	<u>5,777,247</u>	<u>6,511,716</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>749,469</u>	<u>749,469</u>	
Total primary government	<u>\$ 25,522,435</u>	<u>\$ 7,122,740</u>	<u>\$ 200,408</u>	<u>\$ 303,253</u>	<u>(18,645,503)</u>	<u>749,469</u>	<u>(17,896,034)</u>	
Component unit:								
Library	<u>\$ 950,387</u>	<u>\$ 38,797</u>	<u>\$ 27,705</u>	<u>\$ -</u>				<u>\$ (883,885)</u>
General Revenue:								
Property taxes					8,809,694	-	8,809,694	965,134
Sales taxes					11,099,261	-	11,099,261	-
Income taxes					1,951,345	-	1,951,345	-
Motor fuel taxes					490,821	-	490,821	-
Hotel/motel taxes					1,182,005	-	1,182,005	-
Utility taxes					443,127	-	443,127	-
Other taxes					1,632,289	-	1,632,289	78,542
Investment earnings					34,192	10,350	44,542	628
Other revenues					473,661	-	473,661	180,933
Gain (loss) on sale of capital assets					(65,195)	(17,587)	(82,782)	-
Transfers					(489,807)	489,807	-	-
Total general revenues and transfers					<u>25,561,393</u>	<u>482,570</u>	<u>26,043,963</u>	<u>1,225,237</u>
Change in net position					6,915,890	1,232,039	8,147,929	341,352
Net position, beginning of year as restated					<u>50,149,764</u>	<u>34,445,105</u>	<u>84,594,869</u>	<u>6,619,477</u>
Net position, end of year					<u>\$ 57,065,654</u>	<u>\$ 35,677,144</u>	<u>\$ 92,742,798</u>	<u>\$ 6,960,829</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2022**

	General Fund	Tax Increment Financing Fund - Main	Capital Projects Fund
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 12,732,093	\$ 2,991,745	\$ 567,575
Receivables (net of allowance for uncollectibles)	5,402,956	3,521,000	-
Investments, at fair value	750,744	651,241	-
Prepaid expenditures	171,949	-	-
Due from other funds	8,192	-	13,062
Cash - restricted	<u>1,042,096</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 20,108,030</u>	<u>\$ 7,163,986</u>	<u>\$ 580,637</u>
Liabilities, Deferred Inflow of Resources, and Fund Balance:			
Liabilities:			
Accounts payable	\$ 721,173	\$ 37,221	\$ 14,941
Unearned revenue	1,051,277	-	-
Due to other funds	<u>5,225</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,777,675</u>	<u>37,221</u>	<u>14,941</u>
Deferred inflow of resources:			
Property taxes and unavailable revenue	<u>3,244,763</u>	<u>3,521,000</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	171,949	-	-
Restricted for:			
Culture and recreation	-	-	-
Construction and repairs	-	-	565,696
Economic development	300,000	3,605,765	-
General government	844,273	-	-
Highways and streets	-	-	-
Public safety	249,977	-	-
Debt service	-	-	-
Unassigned	<u>13,519,393</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>15,085,592</u>	<u>3,605,765</u>	<u>565,696</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 20,108,030</u>	<u>\$ 7,163,986</u>	<u>\$ 580,637</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
April 30, 2022**

	<u>Debt Service Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ -	\$ 8,986,996	\$ 25,278,409
Receivables (net of allowance for uncollectibles)	-	1,904,223	10,828,179
Investments, at fair value	-	-	1,401,985
Prepaid expenditures	-	435	172,384
Due from other funds	-	-	21,254
Cash - restricted	661,405	-	1,703,501
	<u>661,405</u>	<u>-</u>	<u>1,703,501</u>
Total assets	<u>\$ 661,405</u>	<u>\$ 10,891,654</u>	<u>\$ 39,405,712</u>
Liabilities, Deferred Inflow of Resources, and Fund Balance:			
Liabilities:			
Accounts payable	\$ -	\$ 151,227	\$ 924,562
Unearned revenue	-	-	1,051,277
Due to other funds	-	8,192	13,417
	<u>-</u>	<u>8,192</u>	<u>13,417</u>
Total liabilities	<u>-</u>	<u>159,419</u>	<u>1,989,256</u>
Deferred inflow of resources:			
Property taxes and unavailable revenue	-	1,481,059	8,246,822
	<u>-</u>	<u>1,481,059</u>	<u>8,246,822</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	-	435	172,384
Restricted for:			
Culture and recreation	-	2,921,264	2,921,264
Construction and repairs	-	-	565,696
Economic development	-	4,629,822	8,535,587
General government	-	-	844,273
Highways and streets	-	1,699,655	1,699,655
Public safety	-	-	249,977
Debt service	661,405	-	661,405
Unassigned	-	-	13,519,393
	<u>661,405</u>	<u>-</u>	<u>13,519,393</u>
Total fund balances	<u>661,405</u>	<u>9,251,176</u>	<u>29,169,634</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 661,405</u>	<u>\$ 10,891,654</u>	<u>\$ 39,405,712</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
April 30, 2022**

	<u>Component Unit</u>
	<u>Library</u>
Assets:	
Cash and cash equivalents	\$ 1,103,197
Receivables (net of allowance for uncollectibles)	966,000
Investments, at fair value	-
Prepaid expenditures	8,943
Due from other funds	-
Cash - restricted	941,281
Total assets	\$ 3,019,421
Liabilities, Deferred Inflow of Resources, and Fund Balance:	
Liabilities:	
Accounts payable	\$ 74,476
Unearned revenue	-
Due to other funds	-
Total liabilities	74,476
Deferred inflow of resources:	
Property taxes and unavailable revenue	966,000
Fund balances:	
Nonspendable:	
Prepaid expenditures	8,943
Restricted for:	
Culture and recreation	-
Construction and repairs	460,936
Economic development	-
General government	480,345
Highways and streets	-
Public safety	-
Debt service	-
Unassigned	1,028,721
Total fund balances	1,978,945
Total liabilities, deferred inflow of resources, and fund balance	\$ 3,019,421

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
April 30, 2022**

Total fund balances - total governmental funds	\$ 29,169,634
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources in the current period and, therefore, are not reported in the funds.	55,241,332
Net pension assets in governmental activities are not financial resources in the current period and, therefore, are not reported in the funds.	3,060,538
Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the government funds.	(588,866)
Other post employment benefit-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the government funds.	(266,249)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,002,049
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(30,552,784)</u>
Net position of governmental activities	<u><u>\$ 57,065,654</u></u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL COMPONENT
UNIT TO THE STATEMENT OF NET POSITION**

April 30, 2022

Total fund balances - governmental component unit	\$	1,978,945
Amounts reported for governmental component unit activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources in the current period and, therefore, are not reported in the funds.		5,838,501
Net pension assets in governmental activities are not financial resources in the current period and, therefore, are not reported in the funds.		430,388
Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the government funds.		
Deferred Inflows - IMRF	(495,957)	
Deferred Outflows - IMRF	<u>56,403</u>	(439,554)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(815,295)	
Accrued interest payable	(5,520)	
Compensated absences	(24,882)	
Net OPEB liability	<u>(1,754)</u>	<u>(847,451)</u>
Net position of governmental component unit	<u>\$</u>	<u>6,960,829</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF REVENUES EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)**

GOVERNMENTAL FUNDS

For the year ended April 30, 2022

	General Fund	Tax Increment Financing Fund - Main	Capital Projects Fund
Revenues:			
Taxes	\$ 15,949,010	\$ 3,440,315	\$ -
Licenses and permits	219,145	-	-
Intergovernmental grants	45,602	-	-
Charges for services	344,912	-	-
Fines and forfeitures	46,967	-	-
Investment income (loss)	19,677	5,544	935
Miscellaneous revenues	371,393	-	-
Total revenues	<u>16,996,706</u>	<u>3,445,859</u>	<u>935</u>
Expenditures:			
Current:			
General government	2,412,663	-	-
Public safety	6,603,016	-	-
Public works	2,060,397	-	1,528,647
Culture and recreation	-	-	-
Economic development	337,640	966,390	-
Capital outlay	1,359,263	771,005	22,185
Debt service:			
Principal	-	435,000	-
Interest and fiscal charges	-	18,849	-
Total expenditures	<u>12,772,979</u>	<u>2,191,244</u>	<u>1,550,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,223,727</u>	<u>1,254,615</u>	<u>(1,549,897)</u>
Other financing sources (uses):			
Operating transfers in	100,000	-	1,889,400
Operating transfers out	(2,303,009)	(1,404,000)	-
Obligations under capital leases	616,995	-	-
Sale of property	68,024	-	-
Total other financing sources (uses)	<u>(1,517,990)</u>	<u>(1,404,000)</u>	<u>1,889,400</u>
Net change in fund balances	2,705,737	(149,385)	339,503
Fund balances, beginning of year as restated	<u>12,379,855</u>	<u>3,755,150</u>	<u>226,193</u>
Fund balances, end of year	<u>\$ 15,085,592</u>	<u>\$ 3,605,765</u>	<u>\$ 565,696</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF REVENUES EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
For the year ended April 30, 2022**

	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ 4,340,345	\$ 23,729,670
Licenses and permits	-	-	219,145
Intergovernmental grants	-	425,423	471,025
Charges for services	-	-	344,912
Fines and forfeitures	-	-	46,967
Investment income (loss)	3,628	4,404	34,188
Miscellaneous revenues	-	103,687	475,080
Total revenues	<u>3,628</u>	<u>4,873,859</u>	<u>25,320,987</u>
Expenditures:			
Current:			
General government	-	-	2,412,663
Public safety	-	-	6,603,016
Public works	-	11,584	3,600,628
Culture and recreation	-	536,765	536,765
Economic development	-	1,080,346	2,384,376
Capital outlay	-	1,684,298	3,836,751
Debt service:			
Principal	700,000	-	1,135,000
Interest and fiscal charges	323,872	-	342,721
Total expenditures	<u>1,023,872</u>	<u>3,312,993</u>	<u>20,851,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,020,244)</u>	<u>1,560,866</u>	<u>4,469,067</u>
Other financing sources (uses):			
Operating transfers in	1,111,234	1,195,000	4,295,634
Operating transfers out	-	(588,625)	(4,295,634)
Obligations under capital leases	-	-	616,995
Sale of property	-	448,062	516,086
Total other financing sources (uses)	<u>1,111,234</u>	<u>1,054,437</u>	<u>1,133,081</u>
Net change in fund balances	90,990	2,615,303	5,602,148
Fund balances, beginning of year as restated	<u>570,415</u>	<u>6,635,873</u>	<u>23,567,486</u>
Fund balances, end of year	<u>\$ 661,405</u>	<u>\$ 9,251,176</u>	<u>\$ 29,169,634</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF REVENUES EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
For the year ended April 30, 2022**

	Component Unit
	Library
Revenues:	
Taxes	\$ 1,043,676
Licenses and permits	-
Intergovernmental grants	27,705
Charges for services	38,797
Fines and forfeitures	-
Investment income (loss)	628
Miscellaneous revenues	180,933
Total revenues	1,291,739
Expenditures:	
Current:	
General government	-
Public safety	-
Public works	-
Culture and recreation	954,894
Economic development	-
Capital outlay	40,425
Debt service:	
Principal	47,356
Interest and fiscal charges	23,215
Total expenditures	1,065,890
Excess (deficiency) of revenues over (under) expenditures	225,849
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	-
Obligations under capital leases	-
Sale of property	-
Total other financing sources (uses)	-
Net change in fund balances	225,849
Fund balances, beginning of year as restated	1,753,096
Fund balances, end of year	\$ 1,978,945

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the year ended April 30, 2022**

Net change in fund balances - total governmental funds \$ 5,602,148

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	3,836,751	
Depreciation expense	<u>(3,445,373)</u>	391,378

In the statement of activities, only the gain on the sale of property is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying amount of the assets sold. (581,283)

Distributions of capital assets decrease net position but do not require the use of current financial resources and, therefore, are not reported in governmental funds. (9,160)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 52,324

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 541,275

Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense. In addition, governmental funds do not report pension contributions in fiduciary pension funds. 1,053,158

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (133,950)

Change in net position of governmental activities \$ 6,915,890

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL COMPONENT
UNIT TO THE STATEMENT OF ACTIVITIES
For the year ended April 30, 2022**

Net change in fund balances - governmental component unit \$ 225,849

Amounts reported for the governmental component unit in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	40,425	
Depreciation expense	<u>(138,809)</u>	(98,384)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

47,356

Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In addition, governmental funds do not report pension contributions in fiduciary pension funds.

OPEB expense	455	
IMRF pension benefit	108,332	
Contributions	<u>55,706</u>	164,493

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

2,038

Change in net position of governmental component unit		<u><u>\$ 341,352</u></u>
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See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

April 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,603,679	\$ 3,329,641	\$ 5,933,320
Receivables	496,912	475,749	972,661
Due from other funds	-	5,225	5,225
Inventories	164,541	-	164,541
Prepaid items	<u>31,128</u>	<u>22,883</u>	<u>54,011</u>
Total current assets	<u>3,296,260</u>	<u>3,833,498</u>	<u>7,129,758</u>
Noncurrent assets:			
Restricted cash and cash equivalents	<u>171,953</u>	<u>-</u>	<u>171,953</u>
Capital assets:			
Land	52,212	86,010	138,222
Buildings and system	41,733,374	28,487,896	70,221,270
Improvements	1,578,351	1,772,970	3,351,321
Machinery and equipment	1,788,890	2,635,732	4,424,622
Construction in progress	483,190	182,498	665,688
Less accumulated depreciation	<u>(25,655,634)</u>	<u>(21,845,229)</u>	<u>(47,500,863)</u>
Total capital assets (net of accumulated depreciation)	<u>19,980,383</u>	<u>11,319,877</u>	<u>31,300,260</u>
IMRF net pension asset	<u>765,134</u>	<u>526,030</u>	<u>1,291,164</u>
Total noncurrent assets	<u>20,917,470</u>	<u>11,845,907</u>	<u>32,763,377</u>
Total assets	<u>24,213,730</u>	<u>15,679,405</u>	<u>39,893,135</u>
Deferred Outflows of Resources:			
Deferred amount on bond refunding	111,697	-	111,697
Deferred other post-employment benefits	29,038	27,339	56,377
Deferred pensions	<u>100,274</u>	<u>68,938</u>	<u>169,212</u>
Total deferred outflows of resources	<u>241,009</u>	<u>96,277</u>	<u>337,286</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS**

April 30, 2022

	Water Fund	Sewer Fund	Totals
Liabilities:			
Current liabilities:			
Accounts payable	\$ 151,245	\$ 115,692	\$ 266,937
Accrued interest payable	17,014	-	17,014
Due to other funds	13,062	-	13,062
Compensated absences	30,380	25,994	56,374
Customer deposits	60,284	-	60,284
Notes and bonds payable	405,000	-	405,000
Total current liabilities	676,985	141,686	818,671
Noncurrent liabilities:			
Notes and bonds payable	1,284,681	-	1,284,681
Compensated absences	273,418	233,942	507,360
Net post-employment healthcare benefits liability	185,984	175,095	361,079
Total noncurrent liabilities	1,744,083	409,037	2,153,120
Total liabilities	2,421,068	550,723	2,971,791
Deferred Inflows of Resources			
Deferred pensions	881,701	606,170	1,487,871
Deferred OPEB	48,219	45,396	93,615
Total deferred inflows of resources	929,920	651,566	1,581,486
Net position:			
Net investment in capital assets	18,399,446	11,256,528	29,655,974
Restricted for debt service	111,669	-	111,669
Unrestricted	2,592,636	3,316,865	5,909,501
Total net position	\$ 21,103,751	\$ 14,573,393	\$ 35,677,144

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the year ended April 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Water sales, pledged as security for revenue bonds	\$ 3,361,857	\$ -	\$ 3,361,857
Sewer sales	-	2,961,625	2,961,625
Tap and connecting fees	76,286	29,000	105,286
Other services	4,433	78,515	82,948
Total operating revenue	<u>3,442,576</u>	<u>3,069,140</u>	<u>6,511,716</u>
Operating expenses:			
Cost of sales and services	1,568,242	1,401,069	2,969,311
Administration and general	427,142	292,948	720,090
Depreciation	1,266,518	750,800	2,017,318
Total operating expenses	<u>3,261,902</u>	<u>2,444,817</u>	<u>5,706,719</u>
Operating income	<u>180,674</u>	<u>624,323</u>	<u>804,997</u>
Nonoperating revenues (expenses):			
Capital grants	-	15,000	15,000
Investment earnings	4,983	5,367	10,350
Interest expense	(70,528)	-	(70,528)
Gain (loss) on disposal of capital assets	6,548	(24,135)	(17,587)
Total nonoperating revenues (expenses)	<u>(58,997)</u>	<u>(3,768)</u>	<u>(62,765)</u>
Income before contributions	121,677	620,555	742,232
Contributions	<u>468,866</u>	<u>20,941</u>	<u>489,807</u>
Change in net position	590,543	641,496	1,232,039
Total net position, beginning of year	<u>20,513,208</u>	<u>13,931,897</u>	<u>34,445,105</u>
Total net position, end of year	<u>\$ 21,103,751</u>	<u>\$ 14,573,393</u>	<u>\$ 35,677,144</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended April 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,406,521	\$ 3,053,958	\$ 6,460,479
Payments to suppliers	(1,297,192)	(1,113,894)	(2,411,086)
Payments to employees	<u>(899,359)</u>	<u>(767,278)</u>	<u>(1,666,637)</u>
Net cash provided by operating activities	<u>1,209,970</u>	<u>1,172,786</u>	<u>2,382,756</u>
Cash flows from capital and related financing activities:			
Capital grants	-	15,000	15,000
Purchase of capital assets	(291,524)	(653,892)	(945,416)
Proceeds from the sale of capital assets	6,548	22,500	29,048
Principal paid on capital debt	(560,000)	-	(560,000)
Interest paid on capital debt	<u>(50,845)</u>	<u>-</u>	<u>(50,845)</u>
Net cash used by capital and related financing activities	<u>(895,821)</u>	<u>(616,392)</u>	<u>(1,512,213)</u>
Cash flows from investing activities:			
Investment income received	<u>4,983</u>	<u>5,367</u>	<u>10,350</u>
Net cash provided by investing activities	<u>4,983</u>	<u>5,367</u>	<u>10,350</u>
Net increase in cash and cash equivalents	319,132	561,761	880,893
Cash and cash equivalents, beginning	<u>2,456,500</u>	<u>2,767,880</u>	<u>5,224,380</u>
Cash and cash equivalents, ending	<u>\$ 2,775,632</u>	<u>\$ 3,329,641</u>	<u>\$ 6,105,273</u>
Statement of net position (proprietary funds):			
Cash and cash equivalents	\$ 2,603,679	\$ 3,329,641	\$ 5,933,320
Restricted cash and cash equivalents	<u>171,953</u>	<u>-</u>	<u>171,953</u>
Total cash and cash equivalents	<u>\$ 2,775,632</u>	<u>\$ 3,329,641</u>	<u>\$ 6,105,273</u>

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended April 30, 2022

	Water Fund	Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 180,674	\$ 624,323	\$ 804,997
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,266,518	750,800	2,017,318
Increase in accounts receivable	(15,270)	(15,182)	(30,452)
Decrease in deferred outflow pension	66,318	45,594	111,912
Decrease in deferred outflow OPEB	7,284	4,562	11,846
Decrease in inventories	26,679	-	26,679
Increase in prepaid items	(222)	(163)	(385)
Increase in net pension asset	(669,411)	(460,221)	(1,129,632)
Decrease in customer deposits	(20,785)	-	(20,785)
Increase (decrease) in accounts payable	59,546	(1,360)	58,186
Increase in compensated absences	19,796	15,379	35,175
Increase in deferred inflow pension	311,471	214,137	525,608
Increase in deferred inflow OPEB	34,435	33,290	67,725
Decrease in post-employment healthcare liability	(57,063)	(38,373)	(95,436)
Net cash provided by operating activities	\$ 1,209,970	\$ 1,172,786	\$ 2,382,756

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

April 30, 2022

	Component Units		Total
	Police Pension Fund	Firefighters' Pension Fund	
Assets:			
Cash and cash equivalents	\$ 1,036,091	\$ 578,475	\$ 1,614,566
Receivables	914,130	926,037	1,840,167
Prepaid expenditures	3,378	3,433	6,811
Consolidated pooled investments	18,886,970	11,952,733	30,839,703
Total assets	20,840,569	13,460,678	34,301,247
Liabilities:			
Accounts payable	2,503	1,906	4,409
Deferred inflows of resources:			
Deferred property tax revenue	914,000	926,000	1,840,000
Net position:			
Held in trust for pension benefits and other purposes	\$ 19,924,066	\$ 12,532,772	\$ 32,456,838

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the year ended April 30, 2022**

	Component Units		Total
	Police Pension Fund	Firefighters' Pension Fund	
Additions:			
Contributions:			
Employer	\$ 898,209	\$ 944,564	\$ 1,842,773
Plan members	218,707	125,134	343,841
Total contributions	1,116,916	1,069,698	2,186,614
Investment earnings (loss)	(964,879)	(698,742)	(1,663,621)
Total additions	152,037	370,956	522,993
Deductions:			
Benefits	1,526,036	991,128	2,517,164
Administrative expenses	67,048	68,593	135,641
Total deductions	1,593,084	1,059,721	2,652,805
Change in net position	(1,441,047)	(688,765)	(2,129,812)
Net position, beginning of year	21,365,113	13,221,537	34,586,650
Net position, end of year	\$ 19,924,066	\$ 12,532,772	\$ 32,456,838

See notes to financial statements.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Effingham operates under an elected Mayor/Commissioner (five members) form of government. The City's major operations include public safety, public works, library, planning, and general and administrative services. In addition, the City operates two major enterprise activities, a water distribution system and a sewer collection system.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In accordance with governmental accounting standards, financial accountability was determined on the basis of authoritative appointments of a voting majority of the potential component unit's board, imposition of its will on the potential component unit, the existence of a financial benefit or burden, fiscal dependency and the designation of management. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units would be combined with data of the City. Each discretely presented component unit is usually reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. However, discretely presented component units that are fiduciary in nature are reported separately in statements relating to fiduciary net position.

Discretely presented component units – The Effingham Public Library serves all of the citizens of the government and is governed by a board appointed by the City Council. The Library is reported as a governmental activity. The Effingham Police Pension Fund and the Effingham Firefighters Pension Fund are responsible for funding pensions for their respective members. Because their sole purpose is to provide pension funding for the City's police officers and firefighters, the Effingham Police Pension Fund and the Effingham Firefighters Pension Fund are treated as discretely presented component units. Since they are fiduciary in nature, these component units are presented in fiduciary net position statements. Separate financial statements are not issued for the individual component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved. Therefore, charges between the City's water and sewer function and various other functions of the government are included since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are reported as follows:

Major Governmental Funds

General Fund – The General Fund is the main operating fund of the City. This fund is used to account for all financial resources except those required to be reported in other funds.

Tax Increment Financing Fund - Main (TIF 1) – This fund is used to account for the collection of incremental real estate tax to be used to spur redevelopment and capital improvement in the redevelopment project area.

Capital Projects Fund – This fund is used to account for the resources to fund various capital construction projects, throughout the City, utilizing monies from various other funds such as Motor Fuel Tax, TIFs, Water, and Sewer.

Debt Service Fund – This fund is used to service interest and principal payments on long-term debt.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Enterprise Funds

Water and Water Replacement Fund – These funds are used to account for the activities of the City’s water source of supply, treatment, and distribution systems.

Sewer and Sewer Replacement Fund – These funds are used to account for the activities of the City’s sewer collection system, lift stations, and waste water treatment plant.

Nonmajor Governmental Funds

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

Motor Fuel Tax Fund – This fund is used to account for the expenditures relative to street construction and maintenance. Revenues are collected and distributed by the State of Illinois.

Hotel/Motel Tax and Convention and Visitors Bureau Fund – This fund is used to account for the collection of a 5% room occupancy tax and activities to promote tourism & overnight stays.

Ford Avenue Business District Fund - This fund is used to account for the revenues and expenditures for implementation of the Ford Avenue Business District Plan and Project, including all sales and hotel/motel tax revenues received from the State of Illinois and City of Effingham allocable to the operation of the Ford Avenue Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/11-74.3-1 et. seq.).

Northwest Business District Fund - This fund is used to account for the revenues and expenditures for implementation of the Northwest Business District Plan and Project, including all sales and hotel/motel tax revenues received from the State of Illinois and City of Effingham allocable to the operation of the Northwest Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/11-74.3-1 et. seq.).

Triangle Business District Fund - This fund is used to account for the revenues and expenditures for implementation of the Triangle Business District Plan and Project, including all sales and hotel/motel tax revenues received from the State of Illinois and City of Effingham allocable to the operation of the Triangle Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/11-74.3-1 et. seq.).

Banker Street Business District Fund - This fund is used to account for the revenues and expenditures for implementation of the Banker Street Business District Plan and Project, including all sales and hotel/motel tax revenues received from the State of Illinois and City of Effingham allocable to the operation of the Banker Street Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/11-74.3-1 et. seq.).

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonmajor Governmental Funds (Continued)

Interstate North Business District – This fund is used to account for the revenues and expenditures for implementation of Interstate North Business District Plan and Project, including all sales and hotel/motel tax revenues received from the State of Illinois and City of Effingham allocable to the operation of the Interstate North Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/11-74.3-1 et. seq.).

Tax Increment Financing Fund - Central (TIF 3) – This fund is used to account for the collection of incremental real estate tax to be used to spur redevelopment and capital improvement in the Central redevelopment project area.

Tax Increment Financing Fund - Outer Belt West (TIF 4) – This fund is used to account for the collection of incremental real estate tax to be used to spur redevelopment and capital improvement in the Outer Belt West redevelopment project area.

Tax Increment Financing Fund - South Central Industrial (TIF 5) – This fund is used to account for the collection of incremental real estate tax to be used to spur redevelopment and capital improvement in the South Central Industrial redevelopment project area.

Other Fund Types

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City does not have any fiduciary funds, but it does include the Effingham Police Pension Fund and the Effingham Firefighters Pension Fund, both of which are fiduciary type discretely presented component units.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Revenues from taxes or assessments on exchange transactions (sales taxes, utility taxes) are recognized when the underlying exchange transaction occurs. Revenues from shared nonexchange transactions (state income taxes, motor fuel taxes, replacement taxes) are also recognized in the period when the underlying transaction occurs, provided the state is required to share the revenues under act of law. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized when the related fund liability is incurred, with the exception of principal and interest payments on general long-term debt which are recognized as liabilities when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include property taxes, franchise fees, interest, and various taxes collected by the state or other party on behalf of the government. In general, other revenues, such as charges for services and miscellaneous revenues are considered to be measurable and available only when cash is received. Deferred inflows of resources arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having a legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources.

Property taxes are levied no later than the last Tuesday of December. These taxes attach as an enforceable lien on property as of January 1 of the calendar year that the levy ordinance was enacted. The taxes are payable by property owners in two equal installments around August and October subsequent to the year of the levy. The Effingham County Treasurer distributed the 2020 tax extension to the City on September 27, 2021, November 9, 2021, January 31, 2022 and February 2, 2022. The City Council adopted the 2021 tax levy (receivable in calendar year 2022) on December 7, 2021. For government-wide financial statements, the 2021 property tax levy is deferred. Taxes recorded in these financial statements are from the 2020 and prior tax levies.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund and the Sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deposits and Investments

The City considers cash on hand, checking accounts, savings accounts, other money market funds, and investments held with an original maturity date of less than three months to be cash and cash equivalents. Investments for the City, as well as its component units, are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” for the current portion of interfund loans. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are nonspendable in the fund balance in applicable governmental funds to indicate that they are not expendable available financial resources. Allowance for uncollectible accounts receivable is reported in the governmental and enterprise funds and are considered adequate at year-end.

Inventory and Prepaid Items

Inventory is valued at cost using the first-in, first-out method. The City maintains materials inventories in the Water Fund.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, contributions from the City after the measurement date but before the end of the City’s reporting period and unrecognized items concerning a bond refunding.

Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. In the government-wide statement of net position, the deferred inflows of resources consist of current year taxes levied and items related to pensions and OPEB. In the governmental fund balance sheet, the deferred inflows of resources consist of current year taxes levied and unavailable revenues.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capital assets, which include property, plant, equipment, and infrastructure assets, (roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City recorded these assets at historical cost if available and at estimated historical cost when historical information was not available. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements with estimated useful lives in excess of one year are capitalized when purchased or as projects are constructed.

Depreciation has been reported using the straight-line method over the estimated useful lives of the respective assets. Land is not depreciated.

Effective May 2015, the City adopted an ordinance establishing capitalization thresholds for different classes of capital assets. The capitalization thresholds and estimated useful lives are as follows:

<u>Property</u>	<u>Threshold</u>	<u>Estimated Useful Lives</u>
Land	\$ 10,000	N/A
Artwork	\$ 10,000	N/A
Buildings	\$ 10,000	50 years
Streets/curb/gutter/alley	\$ 100,000	20 years
Bridges	\$ 50,000	50 years
Sidewalks & bike paths	\$ 10,000	20 years
Sanitary sewers	\$ 10,000	50 years
Storm sewers	\$ 10,000	50 years
Traffic signals	\$ 10,000	20 years
All other infrastructure improvements	\$ 10,000	20 years
Water & sewer system & improvements	\$ 10,000	30 years
Fire trucks	\$ 100,000	15 years
Vehicles	\$ 10,000	7 years
Computer software/equipment	\$ 5,000	5 years
Machinery & equipment	\$ 5,000	5 years
Office equipment	\$ 5,000	5 years

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits to specified maximums. Upon separation from service, employees are eligible to receive only a portion of accumulated time. Such amounts are accrued when incurred in the government-wide and proprietary fund financial statements. For governmental funds and the governmental component unit, the amount of compensated absences payable from available resources is recorded only when due for payment, such as when an employee retires or resigns.

Long-term Obligations

In the government-wide financial statements and in the proprietary funds in the fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the City of Effingham's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Effingham's OPEB Plan and additions to/deductions from the City of Effingham's fiduciary net position have been determined on the same basis as they are reported by the City of Effingham's Plan. For this purpose, the City of Effingham's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The City's OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense from the city's single employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

Equity Classification

For government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Unrestricted net position - The net amounts of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

For governmental fund financial statements, fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Nonmajor Governmental Funds Balance Sheet:

Nonspendable Fund Balance – the portion of a Governmental Fund’s fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions.

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that is subject to constraints, either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been imposed by action of the government’s highest level of decision making. The Effingham City Council can establish committed fund balances by adopting ordinances for such purposes.

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources.

Unassigned Fund Balance – the portion of a Governmental Fund’s fund balance that is not designated for a specific purpose.

It is the City’s policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balance is available, it is the City’s policy to use fund balance in the following order: committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or past three years.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between “total fund balance – total governmental funds” and “net position of governmental activities.” One element of that reconciliation explains that “pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.” The details of this difference are as follows:

Deferred outflows of resources:

IMRF	\$ 401,092
Police pension	3,683,713
Firefighter's pension	2,196,382
Total deferred outflows of resources	<u>6,281,187</u>

Deferred inflows of resources:

IMRF	\$ (3,526,806)
Police pension	(2,054,624)
Firefighter's pension	<u>(1,288,623)</u>
Total deferred inflows of resources	<u>(6,870,053)</u>
Net adjustment to "total fund balances - total governmental funds" to arrive at "net position of governmental activities"	<u>\$ (588,866)</u>

Another element of that reconciliation explains that “other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this difference are as follows:

Deferred component of:

Sales tax receivable	\$ 962,832
Franchise tax receivable	15,000
Tourism grant receivable	17,635
Utility tax receivable	5,511
Other taxes receivable	<u>1,071</u>
Net adjustment to "total fund balances - total governmental funds" to arrive at "net position of governmental activities"	<u>\$ 1,002,049</u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Bonds and notes payable	\$ (10,440,000)
Bond premium	(214,502)
Accrued interest payable	(116,279)
Compensated absences	(1,925,951)
Obligations under capital leases	(616,995)
Net police pension liability	(7,469,823)
Net fire pension liability	(7,187,533)
Net OPEB liability	<u>(2,581,701)</u>
Net adjustment to "total fund balances - total governmental funds" to arrive at "net position of governmental activities"	<u><u>\$ (30,552,784)</u></u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between “change in fund balance – total governmental funds” and “change in net position of governmental activities.” One element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” This is the difference between current and prior year deferred amounts. The details of this difference are as follows:

Deferred inflows of resources:	
General sales tax	\$ 37,670
Franchise tax	(999)
Tourism grant	17,635
Utility tax	(1,349)
Other	<u>(633)</u>
Net adjustment to "net changes in fund balances - total governmental funds" to arrive at "changes in net position of governmental activities"	<u><u>\$ 52,324</u></u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities
(Continued)

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Bond premium amortization	\$ 23,270
Obligations under capital leases	(616,995)
Principal repayments:	
General obligation bonds	915,000
Refunding bonds	220,000
	<hr/>
Net adjustment to "net changes in fund balances - total governmental funds" to arrive at "changes in net position of governmental activities"	<hr/> \$ 541,275 <hr/>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities
(Continued)

Another element of that reconciliation states that “governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense. In addition, governmental funds do not report pension contributions in fiduciary funds.” The details of this difference is as follows:

Pension and OPEB expense:

IMRF pension benefit	\$ 770,358
Police pension expense	(874,364)
Firefighter's pension expense	(1,021,887)
OPEB expense	<u>(256,426)</u>
Total pension and OPEB expense	<u>(1,382,319)</u>

Contributions:

OPEB contributions	196,577
Pension contributions	396,128
Pension contributions recorded in the fiduciary funds	<u>1,842,772</u>
Total contributions	<u>2,435,477</u>

Net adjustment to "net changes in fund balances - total governmental funds" to arrive at "changes in net position of governmental activities"	<u><u>\$ 1,053,158</u></u>
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Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (127,794)
Accrued interest	<u>(6,156)</u>
Net adjustment to "net changes in fund balances - total governmental funds" to arrive at "changes in net position of governmental activities"	<u><u>\$ (133,950)</u></u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS

Deposits

Separate bank accounts are not maintained for all City funds; instead, the uninvested cash balances of certain funds are maintained in a common checking account. Separate bank accounts are not required to be maintained for all City funds. The City's accounting records are maintained to show the portion of the common bank account attributable to each participating fund. At various times throughout the year, expenditures will exceed the cash available within a particular fund; therefore the City follows the practice of making temporary interfund loans.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. It is the City's policy to encourage that all funds on deposit at banks in excess of FDIC limits be secured by some form of collateral. Direct investments guaranteed by the United States or an agency of the United States do not require collateral. The City shall accept the following securities as collateral: (1) Negotiable obligations of the United States Government, (2) Negotiable obligations of any agency or instrumentality of the United States Government guaranteed by the full faith and credit of the United States Government, (3) Irrevocable letters of credit issued by the Federal Home Loan Bank, (4) State of Illinois General Obligations Bonds, or (5) Bonds of any Illinois municipality carrying a Moody's Triple A rating.

As of April 30, 2022, the bank balances of the City's cash deposits were \$40,235,227, of which \$750,000 was secured by insurance, \$33,467,052 was collateralized with securities held by the pledging financial institution, and \$6,018,174 was uncollateralized. The bank balances of the component unit's cash deposits were \$1,991,394, of which \$251,000 was secured by insurance and \$1,740,394 was collateralized with securities held by the pledging financial institution. The bank balances of the fiduciary component units' cash deposits were \$831,758, of which \$500,000 was secured by insurance, and \$331,758 was uninsured.

Investments

Investment policies for the City's reporting entity are maintained by the City Clerk. Copies may be requested at 201 E. Jefferson Avenue, Effingham, IL 62401. Summarizations follow in subsequent sections of the Note.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City’s investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policies adopted by the City Council complying with State Statutes and the City Charter. City funds may be invested in: (1) Bonds, notes, certificates of indebtedness, treasury bills, or other securities, including obligations of the Government National Mortgage Association and Federal National Mortgage Association which are guaranteed as to principal by the full faith and credit of the government of the United States of America, (2) Interest bearing savings accounts, interest bearing certificates of deposit or time deposits, or any other investment constituting direct obligations of any institution as defined by the Illinois Banking Act and that is insured by the Federal Deposit Insurance Corporation, and (3) Illinois Funds.

On December 18, 2019, Illinois Governor JB Pritzker signed into law Public Act 101-0610, which provided the mandatory consolidation of the investment assets of the State’s public safety pension funds into two consolidated investment funds – one for police pension funds and the other for firefighter pension funds, effective January 1, 2020. The transfer of the assets into the consolidated funds were required to be completed during the fiscal year. As of April 30, 2022, both the police and fire pension funds have moved to the consolidated pooled investment for management. The policies for the Illinois Police Officers’ Pension Investment Fund and the Illinois Firefighters’ Pension Investment Fund can be viewed online at each fund’s corresponding website.

As of April 30, 2022, the City’s reporting entity had the following investments.

	Fair Value/ Carrying Amount	Credit Ratings (1)	Investment Maturity (in Years)			
			Less than 1	1 to 5	5 to 10	More than 10
Governmental Activities						
Certificates of deposit	\$ 1,401,985	N/A	\$ 1,401,985	\$ -	\$ -	\$ -
Total governmental activities	<u>\$ 1,401,985</u>		<u>\$ 1,401,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary component units:						
Illinois police officer pension investment fund	\$ 18,886,970	N/A				
Illinois firefighters pension investment fund	<u>11,952,733</u>	N/A				
Total fiduciary component unit activities	<u>\$ 30,839,703</u>					

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of April 30, 2022, the City had the following investments included in cash and cash equivalents:

	Fair Value/ Carrying Amount	Credit Ratings (1)
Governmental Activities		
Money market funds	\$ 283,067	AAAm
Component Unit		
Illinois funds	61,860	AAAm
Fiduciary Component Units		
Money market funds	782,808	AAAm
	\$ 1,127,735	

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. The duration of the Police and Firefighters pension fund investments must coincide with the cash requirements of the Pension Board to meet short, medium, or long-term needs.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Cumulatively, portfolios of the City may not be invested in any given financial institution in excess of 50% of the City's investment portfolio at the current time of investment placement, exclusive of United States Treasury securities or Government National Mortgage securities held in safekeeping. In addition the City will not maintain deposits in any financial institution in which the City's funds on deposit will exceed 50% of the institution's capital stock and surplus. Besides the limitations described in the credit risk section above, the pension funds have no other limitations on their investments.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

4. RECEIVABLES

Receivables as of year-end for the government's governmental activities, business-type activities, and component unit, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
Property taxes	\$ 7,185,000	\$ -	\$ 7,185,000	\$ 966,000
Utility taxes	46,545	-	46,545	-
Income taxes	388,905	-	388,905	-
Sales taxes	2,721,532	-	2,721,532	-
Personal property replacement taxes	166,562	-	166,562	-
Motor fuel taxes	41,368	-	41,368	-
Cable franchise taxes	15,000	-	15,000	-
Hotel/Motel taxes	136,904	-	136,904	-
Interest	140	-	140	-
Grants	54,528	-	54,528	-
Customer receivables	-	972,661	972,661	-
Other receivables	71,695	-	71,695	-
Totals	<u>\$ 10,828,179</u>	<u>\$ 972,661</u>	<u>\$ 11,800,840</u>	<u>\$ 966,000</u>

Receivable balances as of April 30, 2022, for fiduciary funds were as follows:

	Police Pension Fund	Firefighter's Pension Fund
Property taxes	\$ 914,000	\$ 926,000
Interest	130	37
Totals	<u>\$ 914,130</u>	<u>\$ 926,037</u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

5. SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY

Payables and receivables between funds consisted of the following at April 30, 2022:

<u>Due To</u>	Due From			<u>Total</u>
	General Fund	Capital Projects Fund	Sewer Fund	
General	\$ -	\$ -	\$ 5,225	\$ 5,225
Nonmajor Governmental Funds				
Expense reimbursement	8,192	-	-	8,192
Water fund				
Capital outlay	-	13,062	-	13,062
Total	\$ 8,192	\$ 13,062	\$ 5,225	\$ 26,479

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2022 was as follows:

Primary Government

	Balance April 30, 2021	Additions	Deletions/ Adjustments	Balance April 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,840,651	\$ 768,155	\$ 119,582	\$ 8,489,224
Construction in progress	1,285,364	297,355	58,476	1,524,243
 Total capital assets, not being depreciated	 9,126,015	 1,065,510	 178,058	 10,013,467
Capital assets, being depreciated:				
Buildings	19,636,375	-	605,439	19,030,936
Infrastructure	79,298,423	1,457,627	-	80,756,050
Improvements	4,057,705	292,093	-	4,349,798
Machinery and equipment	4,232,675	226,253	-	4,458,928
Vehicles	1,953,764	203,659	55,765	2,101,658
Fire trucks	2,432,862	616,995	-	3,049,857
Office Equipment	548,617	-	-	548,617
Software	317,285	23,931	-	341,216
 Total capital assets, being depreciated	 112,477,706	 2,820,558	 661,204	 114,637,060
Less accumulated depreciation for:				
Buildings	3,573,350	387,016	143,740	3,816,626
Infrastructure	52,245,755	2,401,149	-	54,646,904
Improvements	2,930,531	115,335	-	3,045,866
Machinery and equipment	3,447,009	225,562	-	3,672,571
Vehicles	1,517,476	164,892	55,765	1,626,603
Fire trucks	1,763,507	96,458	-	1,859,965
Office Equipment	523,258	7,107	-	530,365
Software	162,441	47,854	-	210,295
 Total accumulated depreciation	 66,163,327	 3,445,373	 199,505	 69,409,195
 Total capital assets, being depreciated, net	 46,314,379	 (624,815)	 461,699	 45,227,865
 Governmental activities capital assets, net	 \$ 55,440,394	 \$ 440,695	 \$ 639,757	 \$ 55,241,332

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (Continued)

Primary Government (Continued)

	Balance April 30, 2021	Additions	Deletions/ Adjustments	Balance April 30, 2022
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 138,222	\$ -	\$ -	\$ 138,222
Construction in progress	1,813,830	1,137,620	2,285,762	665,688
Total capital assets, not being depreciated	1,952,052	1,137,620	2,285,762	803,910
Capital assets being depreciated:				
Buildings	2,337,809	158,945	-	2,496,754
Water and sewer systems	67,295,494	429,022	-	67,724,516
Improvements	1,700,163	1,651,158	-	3,351,321
Machinery and equipment	2,605,651	283,346	31,508	2,857,489
Vehicles	1,208,506	-	16,729	1,191,777
Office equipment	361,104	14,252	-	375,356
Total capital assets, being depreciated	75,508,727	2,536,723	48,237	77,997,213
Less accumulated depreciation for:				
Buildings	1,530,112	46,231	-	1,576,343
Water and sewer systems	39,932,150	1,564,890	-	41,497,040
Improvements	716,634	114,885	-	831,519
Machinery and equipment	2,025,625	196,855	31,508	2,190,972
Vehicles	1,086,480	53,853	16,729	1,123,604
Office equipment	240,781	40,604	-	281,385
Total accumulated depreciation	45,531,782	2,017,318	48,237	47,500,863
Total capital assets, being depreciated, net	29,976,945	519,405	-	30,496,350
Business-type activities capital assets, net	\$ 31,928,997	\$ 1,657,025	\$ 2,285,762	\$ 31,300,260

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (Continued)

Primary Government (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 389,054
Public safety	493,812
Public works	2,418,524
Culture and recreation	132,544
Economic development	11,439

Total depreciation expense - governmental activities \$ 3,445,373

Business-type activities:

Water	\$ 1,266,518
Sewer	750,800

Total depreciation expense - business-type activities \$ 2,017,318

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (Continued)

Component Unit

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
Capital assets, being depreciated:				
Buildings	\$ 6,651,880	\$ -	\$ -	\$ 6,651,880
Improvements	23,719	24,980	-	48,699
Machinery and equipment	135,136	15,445	-	150,581
Office equipment	43,514	-	-	43,514
Computer software	13,185	-	-	13,185
Total capital assets being depreciated	6,867,434	40,425	-	6,907,859
Less accumulated depreciation for:				
Buildings	742,794	133,037	-	875,831
Improvements	3,854	1,290	-	5,144
Machinery and equipment	127,202	4,482	-	131,684
Office equipment	43,514	-	-	43,514
Computer software	13,185	-	-	13,185
Total accumulated depreciation	930,549	138,809	-	1,069,358
Total capital assets, being depreciated, net	5,936,885	(98,384)	-	5,838,501
Total capital assets, net	\$ 5,936,885	\$ (98,384)	\$ -	\$ 5,838,501

Depreciation expense was charged to the component unit as follows:

Effingham Public Library	\$ 138,809
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CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

7. CONSTRUCTION IN PROGRESS

The City's activity in the construction projects in progress accounts as of April 30, 2022 are as follows:

Primary Government

	Balance April 30, 2021	Additions	Completion/ Adjustment	Balance April 30, 2022	Estimated Completion Costs
Governmental activities:					
Quiet Zones	\$ 46,817	\$ 2,499	\$ (49,316)	\$ -	\$ -
WTP Shed	9,160	-	(9,160)	-	-
Thies Avenue	18,818	-	-	18,818	2,267,182
Ford Ave Extension	188,421	31,028	-	219,449	980,551
Jefferson Ave Storm Sewer	10,366	-	-	10,366	219,635
Rickelman Box Culvert	887,864	46,088	-	933,952	478,913
East Evergreen Box Culvert	22,476	41,891	-	64,367	585,633
Heritage Avenue	-	53,324	-	53,324	666,677
West Wernsing Ave Turn Lane	-	7,754	-	7,754	247,246
Second Street - Jefferson to Market	-	8,290	-	8,290	371,710
Jefferson Reconstruction	-	12,369	-	12,369	367,631
OBW - North of Evergreen	-	15,115	-	15,115	524,885
East Evergreen Ave - Willenborg Int	-	42,217	-	42,217	609,283
Boos Detention Basin - Outlet Pipe	-	14,595	-	14,595	320,405
Bike Lanes	101,442	22,185	-	123,627	126,373
	<u>101,442</u>	<u>22,185</u>	<u>-</u>	<u>123,627</u>	<u>126,373</u>
Total governmental activities	<u>\$ 1,285,364</u>	<u>\$ 297,355</u>	<u>\$ (58,476)</u>	<u>\$ 1,524,243</u>	<u>\$ 7,766,124</u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

7. CONSTRUCTION IN PROGRESS (Continued)

Primary Government (Continued)

	Balance <u>April 30, 2021</u>	Additions	Completion/ <u>Adjustment</u>	Balance <u>April 30, 2022</u>	Estimated Completion Costs
Business-type activities:					
Hickory Hills & Marvon					
Drive Water Main	\$ 81,474	\$ 402	\$ (81,876)	\$ -	\$ -
Homewood Subdivision Water Main	-	149,160	-	149,160	150,840
WTP Shed	-	158,945	(158,945)	-	-
Outer Belt West Water Main	-	271,335	-	271,335	33,665
Industrial TIF Water Main	-	26,627	-	26,627	573,374
Ford Avenue Phase IA Water Main	-	22,068	-	22,068	2,932
Main Street Water Main Replacement	-	5,000	-	5,000	95,000
Virginia Ave Water Main Replace.	-	9,000	-	9,000	116,000
Veteran's Force Main	46,635	-	(46,635)	-	-
Waste Water Treatment Plant	1,358,090	293,068	(1,651,158)	-	-
Maple Street Sanitary Sewer	327,631	19,517	(347,148)	-	-
WWTP Generator	-	94,140	-	94,140	410,000
Sludge Shed	-	9,160	-	9,160	390,840
IEPA Unsewered Grant/US Rt. 40 LS	-	77,224	-	77,224	2,072,776
Heritage Avenue Sanitary Sewer	-	1,974	-	1,974	48,026
	<u>\$ 1,813,830</u>	<u>\$ 1,137,620</u>	<u>\$ (2,285,762)</u>	<u>\$ 665,688</u>	<u>\$ 3,893,453</u>
Total business-type activities					

8. RESTRICTED ASSETS

In addition to amounts restricted for special purposes required to be accounted for in Special Revenue Funds, the General Fund has restricted general government assets, which \$403,448 for social security, \$458,172 for IMRF, and \$5,132 for a medical trust. The fund also has restricted public safety assets, which includes \$128,523 for fire protection and \$46,821 for police safety. The Debt Service fund has restricted cash for retirement of debt in the amount of \$661,405. The Water Fund has restricted cash of \$60,284 for customer deposits and \$111,669 for the retirement of debt. The library has restricted general government assets, which includes \$7,860 for audit, \$160,940 for liability insurance, \$17,165 for workman's compensation, \$110,209 for unemployment insurance, \$65,549 for IMRF, and \$118,622 for social security. The library also had restricted assets for construction and repairs in the amount of \$460,936.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM DEBT

Bonds

The City issued 2012C general obligation (GO) bonds to advance refund 2006 general obligation debt certificates, originally used to construct water lines. The City pledges net revenues of the waterworks system and income taxes.

The City issued 2017 general obligation (GO) bonds to provide funds for the construction of a Police Station. The City pledges sales tax revenues to pay the debt service.

The City issued 2021A general obligation (GO) refunding bonds to refinance the note payable originally used to purchase the Effingham Performance Center. The City pledges net revenues of hotel/motel taxes.

The City issued 2021B taxable general obligation (GO) bonds to provide funds for the purchase of undeveloped land for economic development purposes. The City pledges sales tax revenues to pay the debt service.

Bonds outstanding at year end are as follows:

	Interest Rates	Amount
Governmental activities:		
Series 2017, due December 1, 2036	2.0 - 4.0%	\$ 7,505,000
Series 2021A, due March 15, 2027	2.0%	1,165,000
Series 2021B (taxable), due December 1, 2040	1.0-2.8%	1,770,000
Total governmental activities		\$ 10,440,000
Business-type activities - advanced refunding:		
Series 2012C, due December 1, 2025	2.0 - 2.3%	\$ 1,670,000
Total business-type activities		\$ 1,670,000

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for bonds payable are as follows:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 705,000	\$ 313,268	\$ 405,000	\$ 35,945
2024	725,000	295,968	415,000	27,845
2025	745,000	278,218	420,000	19,130
2026	755,000	259,918	430,000	9,890
2027	775,000	241,318		
2028 - 2032	2,900,000	954,475	-	-
2033 - 2037	3,405,000	449,068	-	-
2038 - 2042	430,000	30,223	-	-
	<u>\$ 10,440,000</u>	<u>\$ 2,822,456</u>	<u>\$ 1,670,000</u>	<u>\$ 92,810</u>

The City of Effingham has complied with the general covenants of the Series 2012C, Series 2017, Series 2021A, and Series 2021B bond issues.

Notes and Contracts Payable

	<u>Interest Rates</u>	<u>Amount</u>
Component unit:		
Washington Savings Bank note, serviced by the Library, proceeds used to renovate the library, due February 1, 2036.	2.65%	<u>\$ 815,295</u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM DEBT (Continued)

Notes and Contracts Payable (Continued)

Annual debt service requirements to maturity for notes and contracts payable are as follows:

Year Ending April 30,	Component Unit	
	Principal	Interest
2023	\$ 46,766	\$ 24,055
2024	50,178	20,643
2025	51,526	19,295
2026	52,910	17,911
2027	54,331	16,490
2028-2032	294,346	59,759
2033-2037	265,238	18,047
	\$ 815,295	\$ 176,200

Prior Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt services payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On April 30, 2022, \$1,670,000 of bonds outstanding are considered defeased.

Capital Leases

Fire Truck

The City entered into a capital lease agreement for the purchase of an E-ONE custom pumper. The lease was dated May 27, 2021 for \$616,995 and is due May 27, 2026. The City makes annual installments of \$132,309.64 at an interest rate of 2.37%. This net lease, under which all costs, including insurance and maintenance, are paid by the City, transfers title of the property to the City at the end of the lease.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM DEBT (Continued)

Capital Leases (Continued)

The asset acquired through the current capital lease is as follows:

Asset	Governmental Activities
Fire truck	\$ 616,995
Less: Accumulated depreciation	-
	\$ 616,995

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2022, were as follows:

Years Ending April 30,	Governmental Activities
2023	\$ 132,310
2024	132,310
2025	132,310
2026	132,310
2027	132,310
Total minimum lease payments	661,550
Less: amount representing interest	(44,555)
Present value of minimum lease payments	\$ 616,995

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

10. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2022 was as follows:

	Balance April 30, 2021,	Additions	Reductions	Balance April 30, 2022	Due Within One Year
<u>Primary Government:</u>					
Governmental activities:					
General obligation bonds	\$ 10,190,000	\$ -	\$ 915,000	\$ 9,275,000	\$ 480,000
Refunding bonds	1,385,000	-	220,000	1,165,000	225,000
Add amounts for					
issuance premiums	237,772	-	23,270	214,502	N/A
Obligations under capital leases	-	616,995	-	616,995	117,687
Compensated absences	1,798,156	127,795	-	1,925,951	192,595
Net OPEB liability	3,073,063	-	491,362	2,581,701	N/A
Police pension net					
pension liability	5,974,498	1,495,325	-	7,469,823	N/A
Fire pension net					
pension liability	6,873,092	314,441	-	7,187,533	N/A
	<u>\$ 29,531,581</u>	<u>\$ 2,554,556</u>	<u>\$ 1,649,632</u>	<u>\$ 30,436,505</u>	<u>\$ 1,015,282</u>
Business-type activities:					
General obligation bonds	\$ 160,000	\$ -	\$ 160,000	\$ -	\$ -
Advanced refunding					
bonds	2,070,000	-	400,000	1,670,000	405,000
Add amounts for					
issuance premiums	29,514	-	9,833	19,681	N/A
Compensated absences	528,559	35,175	-	563,734	56,374
Net OPEB liability	456,515	-	95,436	361,079	N/A
	<u>\$ 3,244,588</u>	<u>\$ 35,175</u>	<u>\$ 665,269</u>	<u>\$ 2,614,494</u>	<u>\$ 461,374</u>
<u>Discretely Presented Component Unit:</u>					
Compensated absences	\$ 26,678	\$ -	\$ 1,796	\$ 24,882	\$ 2,488
Net OPEB liability	2,209	-	455	1,754	N/A
Notes payable	862,651	-	47,356	815,295	46,766
	<u>\$ 891,538</u>	<u>\$ -</u>	<u>\$ 49,607</u>	<u>\$ 841,931</u>	<u>\$ 49,254</u>

The City utilizes general, hotel/motel, water, and sewer funds, and the discretely presented component unit to liquidate post-employment healthcare benefits and accrued compensated absences.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

11. TAXES

Tax revenues during the year ended April 30, 2022 were as follows:

	<u>General Fund</u>	<u>TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 2,292,085	\$ 3,440,315	\$ 1,234,524	\$ 6,966,924
Sales taxes	9,741,944	-	1,319,647	11,061,591
Income taxes	1,951,345	-	-	1,951,345
Motor fuel taxes	-	-	490,821	490,821
Hotel/motel taxes	-	-	1,295,353	1,295,353
Utility taxes	444,475	-	-	444,475
Other taxes	1,519,161	-	-	1,519,161
Total taxes	<u>\$ 15,949,010</u>	<u>\$ 3,440,315</u>	<u>\$ 4,340,345</u>	<u>\$ 23,729,670</u>

Component Units

	<u>Fiduciary Activities</u>		
	<u>Effingham Public Library</u>	<u>Police Pension Fund</u>	<u>Firefighters Pension Fund</u>
Property taxes	\$ 965,134	\$ 883,294	\$ 938,006
Other taxes:			
Replacement taxes	75,954	14,915	6,558
Miscellaneous taxes	2,588	-	-
Total taxes	<u>\$ 1,043,676</u>	<u>\$ 898,209</u>	<u>\$ 944,564</u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

12. INTERGOVERNMENTAL GRANTS

Intergovernmental grants during the year ended April 30, 2022 were as follows:

	Governmental Activities			Business-Type Activities
	General	Other	Total	Sewer Fund
	Fund	Governmental Fund		
Federal operating grants	\$ 44,571	\$ -	\$ 44,571	\$ -
State capital grants	-	288,253	288,253	15,000
State operating grants	1,031	137,170	138,201	-
Total	\$ 45,602	\$ 425,423	\$ 471,025	\$ 15,000

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

13. COMPARATIVE SCHEDULE OF PROPERTY TAXES EXTENDED, COLLECTED, AND DISTRIBUTED

	For Tax Levy Year		
	2021	2020	2019
Equalized assessed valuation (EAV):			
City and library	\$ 311,780,523	\$ 298,622,980	\$ 293,546,293
Rate per \$100:			
City	1.26	1.31	1.29
Library	0.32	0.32	0.32
Taxes extended:			
City	\$ 3,928,060	\$ 3,906,855	\$ 3,754,428
Library	993,239	966,852	944,456
Tax Increment Financing District	4,884,121	4,679,767	4,465,746
City's share of road and bridge taxes extended	216,321	205,630	197,148
Total taxes extended	\$ 10,021,741	\$ 9,759,104	\$ 9,361,778
Taxes available to City after abatements and losses in collection (2021 estimated)	\$ 10,018,000	\$ 9,711,020	\$ 9,345,084
Percentage of extension available to City (2021 estimated)	99.96%	99.51%	99.82%

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

13. COMPARATIVE SCHEDULE OF PROPERTY TAXES EXTENDED, COLLECTED, AND DISTRIBUTED (Continued)

	For Tax Levy Year	
	2020	2019
Distribution of taxes available:		
Primary Government:		
General fund:		
General government	\$ 881,721	\$ 909,202
Illinois municipal retirement	399,324	444,628
Fire protection	59,922	143,508
Police protection	59,922	143,508
Audit	16,217	20,001
Liability insurance	135,851	110,922
Street lighting	137,283	137,904
Social security tax	184,353	238,799
School crossing guard	21,970	23,993
Workers' compensation	144,404	231,817
Medicare	43,109	55,960
Road and bridge	205,195	197,033
TIF - main fund	3,440,315	3,326,177
TIF - central fund	602,462	565,203
TIF - south central industrial fund	183,662	164,239
TIF - outer belt west fund	443,179	397,641
	<u>\$ 6,958,889</u>	<u>\$ 7,110,535</u>
Total primary government		
Component Units:		
Effingham Public Library fund	\$ 966,028	\$ 943,633
Police pension fund	850,773	577,517
Firefighter's pension fund	935,330	713,399
	<u>\$ 2,752,131</u>	<u>\$ 2,234,549</u>
Total component units		
	<u>\$ 9,711,020</u>	<u>\$ 9,345,084</u>
Total reporting entity		

CITY OF EFFINGHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

14. INTERFUND TRANSFERS

Operating transfers between funds during the year ended April 30, 2022 are as follows:

	Transfers In				
	General Fund	Capital Projects	Debt Service	Nonmajor Funds	Totals
<u>Transfers out:</u>					
General fund	\$ -	\$ 1,501,400	\$ 801,609	\$ -	\$ 2,303,009
TIF main fund	-	209,000	-	1,195,000	1,404,000
Nonmajor funds	100,000	179,000	309,625	-	588,625
Total	\$ 100,000	\$ 1,889,400	\$1,111,234	\$ 1,195,000	\$ 4,295,634

The City transferred money from the general fund to the capital projects fund for resurfacing and a construction project. The general fund also transferred money to debt services to fund the annual 2017 and 2021B bond debt payments. The TIF main fund transferred money into the TIF Central, TIF Outer Belt West, TIF Industrial, and capital projects funds to fund various construction projects. TIF Central and TIF Outer Belt West funds transferred money to the capital projects fund for a construction project and resurfacing. The TIF Industrial fund transferred money to the general fund for a relocation agreement. The Hotel/Motel fund transferred money to the Bond Proceeds fund to fund the 2021A Bond payment.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS

IMRF

Plan Description

The City of Effingham's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City of Effingham's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The Effingham Public Library employees are included with the actuarial valuation. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Benefits Provided (Continued)

Employees Covered by Benefit Plans

As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	117
Inactive plan members entitled to but not yet receiving benefits	72
Active plan members	<u>78</u>
	<u><u>267</u></u>

Contributions

As set by statute, the City of Effingham's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City of Effingham's annual contribution rate for calendar year 2021 was 13.95%. For the fiscal year ended April 30, 2022, the City of Effingham contributed \$618,950 to the plan. The City of Effingham also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability (Asset)

The City of Effingham's net pension liability (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2021:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was the Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
- For Non-Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For Active Members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2021:

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	-0.60%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70-5.50%
Cash Equivalents	1%	-0.90%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2020	\$ 39,084,107	\$39,682,373	\$ (598,266)
Changes for the year:			
Service cost	422,894	-	422,894
Interest of the total pension liability	2,788,977	-	2,788,977
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	82,545	-	82,545
Changes in assumptions	-	-	-
Contributions - employer	-	642,043	(642,043)
Contributions - employees	-	343,079	(343,079)
Net investment income	-	6,515,310	(6,515,310)
Benefit payments, including refunds of employee contributions	(2,130,018)	(2,130,018)	-
Other (net transfer)	-	(22,192)	22,192
	<u>1,164,398</u>	<u>5,348,222</u>	<u>(4,183,824)</u>
Balances at December 31, 2021	<u>\$ 40,248,505</u>	<u>\$45,030,595</u>	<u>\$ (4,782,090)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount 7.25%	1% Higher 8.25%
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Net pension liability (asset)	\$ 82,003	\$ (4,782,090)	\$ (8,659,555)

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City of Effingham recognized pension benefit of \$1,203,685. At April 30, 2022, the City of Effingham reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	\$ 458,470	\$ -
Changes of assumptions	-	118,937
Net difference between projected and actual earnings on pension plan investments	-	5,391,697
Total deferred amounts to be recognized in pension expense in future periods	458,470	5,510,634
Pension contributions subsequent to the measurement date	168,238	-
Total deferred amounts related to pensions	\$ 626,708	\$ 5,510,634

\$168,238 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows/(Inflows) of Resources
2022	\$ (1,059,458)
2023	(1,931,874)
2024	(1,307,140)
2025	(753,692)
Total	\$ (5,052,164)

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Fund

Plan Description - Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund type component unit. Separate financial statements are not issued for this pension plan.

The Police Pension Plan is administered by a five member board of trustees. The Board consists of two trustees elected by and from the active members, one trustee elected by and from the beneficiaries of legal age of the fund, and two trustees appointed by the mayor. All board trustees terms are two years in length.

Benefits Provided – Employees hired before January 1, 2011 are eligible for Tier 1 benefits. The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, unless the salary was greater at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired after January 1, 2011 are eligible for Tier 2 benefits. The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of their final average salary for each year of service, and not to exceed 75% of final average salary. “Final average salary” is determined by dividing the total pensionable salary during 48 consecutive months of service within the last 60 months of service in which total pensionable salary was the highest, by the number of months of service in that period (or by dividing the total pensionable salary during 96 consecutive months of service with the last 120 months of service in which total pensionable salary was the highest, by the number of months of service in that period, if greater). Annual salary for this purpose will not exceed the salary cap, indexed by the lesser of 3% or the CPI-U for the 12 months ending with the September preceding each November 1st. The salary cap will not decrease. The initial increase date will be the latter of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Fund (Continued)

Employees Covered by Benefit Terms - At April 30, 2022, Police Pension Plan membership consisted of:

Active members	25
Retirees and beneficiaries	28
Inactive, non-retired members	<u>3</u>
Total	<u><u>56</u></u>

Contributions - As set by statute, covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The City's contributions must accumulate to the point where the total assets for the Police Pension Plan equal at least 90% of the total actuarial liabilities by the end of 2040. There is a Formal Funding Policy that exists between the Pension Board and City. The policy states that the City will contribute 100% of the Actuarially Determined Contribution. For the fiscal year ended April 30, 2022, the City contributed \$898,209 to the plan.

Investments – The Board of Trustees for the Illinois Police Officers' Pension Investment Fund is responsible for overseeing the investment directives of the fund. The policies for the Illinois Police Officers' Pension Investment Fund can be viewed online at their website.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Fund (Continued)

For the year ended April 30, 2022, the annual money weighted rate of return is (4.82%). The annual money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large	23.00%	4.15%
US Small	5.00%	4.54%
International Developed	18.00%	4.64%
International Developed Small	5.00%	-0.25%
Emerging Markets	7.00%	5.31%
Private Equity (Direct)	7.00%	7.15%
Bank Loans	3.00%	2.48%
High Yield Corp. Credit	3.00%	2.48%
Emerging Market Debt	3.00%	2.82%
Private Credit	5.00%	4.37%
US TIPS	3.00%	-0.12%
Real Estate/Infrastructure	8.00%	4.00%
Cash	1.00%	-0.27%
Short-Term Gov't/Credit	3.00%	0.73%
US Treasury	3.00%	-0.60%
Core Plus Fixed Income	3.00%	0.73%

Net Pension Liability - The Police Pension Fund's net pension liability was measured as of April 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2021.

Actuarial Assumptions - The following are the assumptions used to determine total pension liability at April 30, 2022:

- Discount rate used for the total pension liability: 6.75%
- Expected rate of return on investments: 6.75%
- High-quality 20 year tax-exempt G.O. bond rate: 3.21%
- Projected individual pay increases: 4.00%-14.16%
- Projected total payroll increases: 3.25%
- Consumer price index (urban): 2.25%
- Inflation rate: 2.25%

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Fund (Continued)

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. 50% of active member deaths are assumed to be in the line of duty.

Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Other actuarial assumptions (demographic) rates are based on a review of the L&A Assumption Study for Police 2020.

For the 2021 year, the General Obligation Bond Rate has been updated. The High-Quality 20 Year Tax Exempt General Obligation ("G.O.") Bond Rate assumption was changed from 2.27% to 3.21%.

Single Discount Rate - A Single Discount Rate of 6.75% was used to measure the total pension liability. The projection of cash flows used to determine this Single Discount Rate is developed based on employee contributions for current participants, normal cost contributions for current participants, and unfunded accrued liability contributions for current and future participants. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's net fiduciary position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary position is insufficient to pay benefits).

For the purposes of this valuation the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 3.21% (based upon the quarterly rate closest to but not later than the measurement date of the Bond Buyer 20 Bond G.O. Index); and the resulting single discount rate is 6.75%.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Fund (Continued)

Changes in the Net Pension Liability – Changes in the net pension liability are as follows:

	<u>April 30, 2022</u>
Total pension liability:	
Service cost	\$ 457,585
Interest on the total pension liability	1,750,247
Changes of benefit terms	-
Difference between expected and actual experience of the total pension liability	(627,518)
Changes of assumptions	-
Benefit payments	(1,526,036)
Net change in total pension liability	54,278
Total pension liability - beginning of period	27,339,611
Total pension liability - end of period	\$ 27,393,889
Plan fiduciary net position:	
Employer contributions	\$ 898,209
Member contributions	192,729
Other contributions	25,978
Net investment income	(995,164)
Benefit payments	(1,526,036)
Administrative expense	(36,763)
Net change in plan fiduciary net position	(1,441,047)
Plan fiduciary net position - beginning of year	21,365,113
Plan fiduciary net position - end of year	\$ 19,924,066
Net pension liability	\$ 7,469,823
Plan fiduciary net position as a percentage of total pension liability	72.73%
Covered-Employee payroll	\$ 1,951,200
Net pension liability as a percentage of covered-employee payroll	382.83%

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Fund (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 5.75%	Current Single Discount Rate 6.75%	1% Increase 7.75%
Employer's Net Pension Liability	\$ 11,308,205	\$ 7,469,823	\$ 4,349,091

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City of Effingham recognized pension expense of \$874,364. At April 30, 2022, the City of Effingham reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 1,059,262	\$ 2,054,624
Change of assumptions	2,415,519	-
Differences between projected and actual earning on pension plan investments	208,932	-
Total deferred amounts related to pensions	\$ 3,683,713	\$ 2,054,624

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Fund (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ending April 30,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 321,957
2024	265,240
2025	(1,530)
2026	807,632
2027	286,139
Thereafter	(50,349)
Total	\$ 1,629,089

Firefighters Pension Fund

Plan Description – Fire sworn personnel are covered by the Firefighters Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund type component unit. Separate financial statements are not issued for this pension plan.

The Firefighters Pension Plan is administered by a five member board of trustees. The Board consists of two trustees elected by and from the active members, one trustee elected by and from the retired/disabled members of the fund, and two trustees appointed by the mayor. Appointed trustees’ terms are not mandated, but typically serve three years.

Benefits Provided - Employees hired before January 1, 2011 are eligible for Tier 1 benefits. The Firefighters Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years, to a maximum of 75% of such salary. Subsequent increases of 3% of the current monthly benefit will be garnted every January 1st thereafter.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters Pension Fund (Continued)

Benefits Provided (Continued)

Employees hired after January 1, 2011 are eligible for Tier 2 benefits. The Firefighters’ Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of their final average salary for each year of service, and not to exceed 75% of final average salary. “Final average salary” is determined by dividing the total pensionable salary during 48 consecutive months of service within the last 60 months of service in which total pensionable salary was the highest, by the number of months of service in that period (or by dividing the total pensionable salary during 96 consecutive months of service with the last 120 months of service in which total pensionable salary was the highest, by the number of months of service in that period, if greater). Annual salary for this purpose will not exceed the salary cap, indexed by the lesser of 3% or the CPI-U for the 12 months ending with the September preceding each November 1st. The salary cap will not decrease. The initial increase date will be the latter of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

Employees Covered by Benefit Terms - At April 30, 2022, Firefighters Pension Plan membership consisted of:

Active members	17
Retirees and beneficiaries	18
Inactive, non-retired members	-
Total	35

Contributions - As set by statute, covered employees are required to contribute 9.455% of their base salary to the Firefighters’ Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The City’s contributions must accumulate to the point where the total assets for the Firefighters Pension Plan equal at least 90% of the total actuarial liabilities by the end of fiscal year 2040. There is a Formal Funding Policy that exists between the Pension Board and City. The policy states that the City will contribute 100% of the Actuarially Determined Contribution. For the fiscal year ended April 30, 2022, the City contributed \$944,563 to the plan.

Investments – The Board of Trustees for the Illinois Firefighters’ Pension Investment Fund is responsible for overseeing the investment directives of the fund. The policies for the Illinois Firefighters’ Pension Investment Fund can be viewed online at their website.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters Pension Fund (Continued)

For the year ended April 30, 2022, the annual money weighted rate of return is (5.56%). The annual money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	31.00%	5.20%
Developed Market Equity (non-US)	16.00%	5.10%
Emerging Market Equity	8.00%	5.50%
Private Equity	5.00%	8.60%
Public Credit	3.00%	1.80%
Private Credit	5.00%	7.00%
Cash Equivalents	0.00%	-0.60%
Core Investment Grade Bonds	15.00%	1.60%
Long-Term Treasuries	3.00%	1.30%
TIPS	4.00%	0.80%
Real Estate	5.00%	4.90%
Infrastructure	5.00%	5.10%

Net Pension Liability - The Firefighters Pension Fund's net pension liability was measured as of April 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2021.

Actuarial Assumptions - The following are the assumptions used to determine total pension liability at April 30, 2022:

- Discount rate used for the total pension liability: 6.75%
- Expected rate of return on investments: 6.75%
- High-quality 20 year tax-exempt G.O. bond rate: 3.21%
- Projected individual pay increases: 4.00%-19.89%
- Projected total payroll increases: 3.25%
- Consumer price index (urban): 2.25%
- Inflation rate: 2.25%

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. 50% of active member deaths are assumed to be in the line of duty.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters Pension Fund (Continued)

Retiree Mortality follows the L&A Assumption Study for Firefighters 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the L&A Assumption Study for Firefighters 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Other actuarial assumptions (demographic) rates are based on a review of the L&A Assumption Study for Firefighters 2020.

For the 2021 year, the General Obligation Bond Rate has been updated. The High-Quality 20 Year Tax Exempt General Obligation ("G.O.") Bond Rate assumption was changed from 2.27% to 3.21%.

Single Discount Rate - A Single Discount Rate of 6.75% was used to measure the total pension liability. The projection of cash flows used to determine this Single Discount Rate is developed based on employee contributions for current participants, normal cost contributions for current participants, and unfunded accrued liability contributions for current and future participants. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's net fiduciary position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary position is insufficient to pay benefits).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.21% (based upon the quarterly rate closest to but not later than the measurement date of the Bond Buyer 20 Bond G.O. Index), and the resulting single discount rate is 6.75%.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters Pension Fund (Continued)

Changes in the Net Pension Liability – Changes in the net pension liability are as follows:

	April 30, 2022
Total pension liability:	
Service cost	\$ 444,704
Interest on the total pension liability	1,249,599
Changes of benefit terms	-
Difference between expected and actual experience of the total pension liability	(1,077,496)
Changes of assumptions	-
Benefit payments	(991,128)
Net change in total pension liability	(374,321)
Total pension liability - beginning of period	20,094,629
Total pension liability - end of period	\$ 19,720,308
 Plan fiduciary net position:	
Employer contributions	\$ 944,563
Member contributions	117,231
Other contributions	7,902
Net investment income	(715,835)
Benefit payments	(991,128)
Administrative expense	(51,495)
Net change in plan fiduciary net position	(688,762)
Plan fiduciary net position - beginning of year	13,221,537
Plan fiduciary net position - end of year	\$ 12,532,775
Net pension liability	\$ 7,187,533
Plan fiduciary net position as a percentage of total pension liability	63.55%
Covered-Employee payroll	\$ 1,232,055
Net pension liability as a percentage of covered-employee payroll	583.38%

CITY OF EFFINGHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters Pension Fund (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Employer's Net Pension Liability	\$ 9,792,148	\$ 7,187,533	\$ 5,029,632

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City of Effingham recognized pension expense of \$1,021,887. At April 30, 2022, the City of Effingham reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to Pensions		
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 431,614	\$ 1,288,623
Change of assumptions	1,489,542	-
Differences between projected and actual earning on pension plan investments	275,226	-
Total deferred amounts related to pensions	<u>\$ 2,196,382</u>	<u>\$ 1,288,623</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Firefighters Pension Fund (Continued)

Year ending April 30,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 303,761
2024	280,134
2025	103,274
2026	337,746
2027	(117,156)
Total	\$ 907,759

16. POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The City of Effingham provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF, Police and Firefighter retirement plans. This plan extends the same health benefits to annuitants as to active employees in the IMRF, Police and Firefighter plans. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Eligibility Provisions

Full-Time Employees – IMRF

Tier I IMRF Full-Time employees:

- Age 55 with at least 8 years of service (reduced pension)
- Age 55 with at least 30 years of service (reduced pension)
- Age 55 with at least 35 years of service (full pension)
- Age 60 with at least 8 years of service (full pension)

Tier II IMRF Full-Time employees:

- Age 62 with at least 10 years of service (reduced pension)
- Age 62 with at least 30 years of service (reduced pension)
- Age 62 with at least 35 years of service (full pension)
- Age 67 with at least 10 years of service (full pension)

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

16. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Plan Description (Continued)

Eligibility Provisions (Continued)

Full-Time Employees – Police

Tier I Full-Time Police Officers, at least 50 years old with at least 20 years of service are covered.

Tier II Full-Time Police Officers, at least 55 years old with at least 10 years of service are covered.

Full-Time Employees – Fire

Tier I Full-Time Firefighters, at least 50 years old with at least 20 years of service are covered.

Tier II Full-Time Firefighters, at least 55 years old with at least 10 years of service are covered.

Benefits Provided

The City of Effingham provides continued health insurance coverage at the blended employer rate to all eligible City retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The City offers the Blue Cross Blue Shield PPO and PPO-H.S.A. Plans to full-time IMRF, Police, and Fire employees. Retirees pay the full cost of coverage and may continue to be covered under the City’s plan past Medicare eligibility. Eligible spouse or dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse or dependent is responsible for the full cost of the coverage and may continue to be covered under the City’s plan past Medicare eligibility.

The City of Effingham provides dental, vision, and life insurance coverage to all eligible employees in accordance with Illinois Compiled Statutes. Retirees may not continue dental or vision coverage into retirement. However, they may convert their life insurance policy to an individual one directly with the insurance provider. The Retiree is responsible for the full cost of coverage.

Membership

At April 30, 2022 membership consisted of:

Active employees	106
Inactive employees currently receiving benefit payments	25
Inactive employees entitled to but not yet receiving benefit payments	<u>-</u>
Total	<u><u>131</u></u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

16. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation.

The employer contributions and benefit payments are related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

The contributions of \$224,070 from the City of Effingham and benefits payments of \$224,070 from the City of Effingham are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from an OPEB Trust.

Net OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the May 1, 2021 actuarial valuation date and adjusted to the April 30, 2022 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

Actuarial Assumptions

Discount rate used for the total OPEB liability	3.21%
Long-term expected rate of return on plan assets	N/A. OPEB obligation is unfunded.
High quality 20 year tax-exempt G.O. Bond rates	3.21%
Salary increases	3.00%
Annual blended premium	See table below
Healthcare cost trend rates	See table below
Retiree contribution rates	Same as Healthcare Cost Trend Rates.

Annual Blended Premiums

	Under Age 65		Age 65-&-Over	
	Retiree	Spouse	Retiree	Spouse
PPO - H.S.A	\$ 9,352	\$ 9,084	\$ 5,279	\$ 5,279
PPO	\$ 12,220	\$ 11,735	\$ 6,935	\$ 6,936

Healthcare Cost Trend Rates

Plan	First-Year Trend	Initial Trend	Ultimate Trend	Amount of	Years Between	Year Ultimate
				Trend Decrease	Trend Decreases	Trend Reached
Medical	1.00%	5.00%	5.00%	0.00%	N/A	2023

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

16. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Active IMRF Mortality follows PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020.

Active Firefighter and Police Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved generationally using MP-2019 Improvement Rates.

Retiree Firefighter and Police Mortality follows the L&A Assumption Study for Firefighters and Police 2020. These Rates are Experience Weighted with the Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the L&A Assumption Study for Disabled Firefighters 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality for Police follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Firefighter and Police Spousal Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

For the 2021 year, the General Obligation Bond Rate has been updated. The High-Quality 20 Year Tax Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 2.27% to 3.21%.

Based on an actuarial experience study of IMRF experience dated December 14, 2020, the following actuarial assumptions were changed in the current year:

- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

16. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (Asset) (A) - (B)
Balances at May 1, 2021	\$ 3,529,578	\$ -	\$ 3,529,578
Changes for the year:			
Service cost	194,847	-	194,847
Interest	77,578	-	77,578
Actuarial Experience	-	-	-
Assumptions changes	(635,154)	-	(635,154)
Contributions - employer	-	224,070	(224,070)
Contributions - employees	-	-	-
Net investment income	-	-	-
Benefit payments from plan	(224,070)	(224,070)	-
Administrative expense	-	-	-
Net changes	<u>(586,799)</u>	<u>-</u>	<u>(586,799)</u>
Balances at April 30, 2022	<u>\$ 2,942,779</u>	<u>\$ -</u>	<u>\$ 2,942,779</u>

Discount Rate

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the Municipal Bond Rate. If the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the City of Effingham, Illinois, then only the Municipal Bond Rate is used in determining the Total OPEB Liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future Net Position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected Net Position, the expected rate of return on plan investments is used to determine the portion of the Net OPEB Liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected Net Position, the Municipal Bond Rate is used to determine the portion of the Net OPEB Liability associated with those payments.

Projected benefit payments are determined during the valuation process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the Funding Policy of the plan. The Funding Policy is discussed in more detail in a prior section.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

16. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Municipal Bond Rate

The Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of year is 2.27%, and the end of year rate shown is 3.21%. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

Sensitivity of the Discount Rate

The following presents the City of Effingham's total OPEB liability calculated using a discount rate of 3.21% as well as what the City's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point higher (4.21%) or 1 percentage point lower (2.21%) than the current discount rate.

	<u>1% Decrease (2.21%)</u>	<u>Current Discount Rate (3.21%)</u>	<u>1% Increase (4.21%)</u>
Employer's Net OPEB Liability/(Asset)	<u>\$ 3,252,120</u>	<u>\$ 2,942,779</u>	<u>\$ 2,682,829</u>

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

16. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Sensitivity of the Healthcare Trend Rates

The following presents the City of Effingham’s total OPEB liability calculated using the healthcare cost trend rates as well as what the City of Effingham’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower than the current healthcare cost trend rates. The first year trend rate is 1.00% with an initial trend of 5.00%. An ultimate trend rate of 5.00% is expected to be reached in 2023.

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer's Net OPEB Liability/(Asset)	\$ 2,564,077	\$ 2,942,779	\$ 3,417,469

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ending April 30, 2022, the City of Effingham recognized OPEB expense of \$268,054. At April 30, 2022 the City of Effingham deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 158,397	\$ -
Changes of assumptions	301,074	762,958
Net difference between projected and actual earnings on earnings on OPEB plan investments	-	-
Total Deferred Amounts Related to OPEB	\$ 459,471	\$ 762,958

Contributions subsequent to the measurement date may be recognized as a reduction to the net OPEB liability. The amount is not known as of the date of this report. Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

16. POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Year Ending April 30,	Net Deferred Outflows of Resources
2023	\$ (4,371)
2024	(4,371)
2025	(4,371)
2026	(4,371)
2027	(4,894)
Thereafter	(281,109)
Total	\$ (303,487)

17. COMMITMENTS

The City has committed funds to various area entities as of April 30, 2022. These commitments were made for the purpose of encouraging economic development within the City of Effingham.

The commitments for economic development are being funded by real estate tax revenues collected within the City’s four Tax Increment Financing (TIF) Districts.

18. TAX ABATEMENT

The City enters into property tax abatement agreements with local businesses within the Effingham Enterprise Zone under the Illinois Enterprise Zone Act of 1982. Under the Act, taxing districts may order the county clerk to abate any portion of its taxes on real property, or on any particular class thereof, located within a zone and upon which new improvements have been constructed or upon which existing improvements have been renovated or rehabilitated. The abatement applies only to taxes on the increase in assessed value attributable to the new construction, renovation or rehabilitation. Taxes based on the assessed value of the land and existing improvements continue to be extended and collected. Abatements are obtained through application, and equal 100 percent of the increase in tax above the property base value for three years for commercial projects and ten years for industrial projects. This abatement period shall not extend beyond the “life” of the Enterprise Zone, which currently expires in 2032.

For the fiscal year ended April 30, 2022, the City abated property taxes totaling \$152,058.

The Effingham Public Library abides by the property tax abatement mentioned above. For the fiscal year ended April 30, 2022, the Effingham Public Library abated property taxes totaling \$38,449.

CITY OF EFFINGHAM, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

19. PRIOR PERIOD ADJUSTMENT

Intergovernmental revenues were incorrectly reported in the prior year. For the year ended April 30, 2022, an adjustment was made to correct the fund balance and net position.

	<u>General Fund</u>
Fund balance at April 30, 2021	\$ 12,694,273
Adjustment for intergovernmental revenues	(314,418)
Fund balance, as restated, at April 30, 2021	<u>\$ 12,379,855</u>

	<u>Governmental Activities</u>
Net position at April 30, 2021	\$ 50,627,462
Adjustment for intergovernmental revenues	(477,698)
Net position, as restated, at April 30, 2021	<u>\$ 50,149,764</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EFFINGHAM, ILLINOIS

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)**

Calendar Year Ending December 31,	2021	2020	2019	2018	2017	2016	2015
Total pension liability:							
Service cost	\$ 422,894	\$ 424,450	\$ 409,326	\$ 400,133	\$ 413,088	\$ 431,756	\$ 435,326
Interest on the total pension liability	2,788,977	2,663,772	2,583,559	2,517,818	2,533,396	2,425,348	2,389,526
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	82,545	952,751	22,535	(13,609)	(392,695)	210,449	(759,622)
Changes of assumptions	-	(285,841)	-	1,006,592	(1,009,434)	(124,392)	40,372
Benefit payments, including refunds of employee contributions	(2,130,018)	(2,032,053)	(1,921,560)	(1,865,931)	(1,658,457)	(1,649,189)	(1,577,877)
Net change in total pension liability	1,164,398	1,723,079	1,093,860	2,045,003	(114,102)	1,293,972	527,725
Total pension liability - beginning	39,084,107	37,361,028	36,267,168	34,222,165	34,336,267	33,042,295	32,514,570
Total pension liability - ending (A)	\$ 40,248,505	\$ 39,084,107	\$ 37,361,028	\$ 36,267,168	\$ 34,222,165	\$ 34,336,267	\$ 33,042,295
Plan fiduciary net position:							
Contributions - employer	\$ 642,043	\$ 671,119	\$ 503,420	\$ 623,452	\$ 600,825	\$ 646,931	\$ 628,925
Contributions - employee	343,079	340,701	293,552	282,632	295,149	256,413	245,039
Net investment income	6,515,310	5,293,487	5,750,339	(1,356,469)	4,389,482	2,315,779	359,391
Benefit payments, including refunds of employee contributions	(2,130,018)	(2,032,053)	(1,921,560)	(1,865,931)	(1,658,457)	(1,649,189)	(1,577,877)
Other (net transfers)	(22,192)	(25,261)	(29,512)	(25,410)	(24,021)	(31,012)	(50,573)
Net change in plan fiduciary net position	5,348,222	4,247,993	4,596,239	(2,341,726)	3,602,978	1,538,922	(395,095)
Plan fiduciary net position - beginning	39,682,373	35,434,380	30,838,141	33,179,867	29,576,889	28,037,967	28,433,062
Plan fiduciary net position - ending (B)	\$ 45,030,595	\$ 39,682,373	\$ 35,434,380	\$ 30,838,141	\$ 33,179,867	\$ 29,576,889	\$ 28,037,967
Net pension liability (asset) - ending (A) - (B)	\$ (4,782,090)	\$ (598,266)	\$ 1,926,648	\$ 5,429,027	\$ 1,042,298	\$ 4,759,378	\$ 5,004,328
Plan fiduciary net position as a percentage of total pension liability	111.88%	101.53%	94.84%	85.03%	96.95%	86.14%	84.85%
Covered valuation payroll	\$ 4,724,381	\$ 4,709,604	\$ 4,275,889	\$ 4,184,245	\$ 4,166,610	\$ 4,028,212	\$ 3,955,654
Net pension liability as a percentage of covered valuation payroll	-101.22%	-12.70%	45.06%	129.75%	25.02%	118.15%	126.51%

Notes to Schedule

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Changes in assumptions:

- For 2014, changes are primarily from adopting IMRF specific mortality tables with fully generational projection scale MP-2014 (base year 2014) developed from the RP-2014 mortality tables.
- For 2015, changes are primarily from a change in the calculated single discount rate from 7.49% in 2014 to 7.47% in 2015.
- For 2016, changes are primarily from a change in the calculated single discount rate from 7.47% in 2015 to 7.50% in 2016.
- For 2017, changes are primarily from adopting IMRF specific mortality tables with fully generational projection scale MP-2017 (base year 2015) developed from the RP-2014 mortality tables.
- For 2018, the assumed investment rate of return was lowered from 7.50% to 7.25%.
- For 2020, changes are primarily from adopting the Pub-2010, amount weighted, and general mortality tables for retirees and active members.

CITY OF EFFINGHAM, ILLINOIS

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

<u>Fiscal Year Ended April 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2022	\$ 618,950	\$ 618,950	\$ -	\$4,748,596	13.59%
2021	649,452	649,452	-	4,630,834	14.25%
2020	546,426	546,426	-	4,342,106	11.77%
2019	574,488	574,488	-	4,161,460	13.80%
2018	615,692	615,692	-	4,221,403	14.59%
2017	624,752	624,752	-	4,032,718	15.49%
2016	658,220	658,220	-	4,132,634	15.93%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 Contribution Rate*

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2021 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	22-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

CITY OF EFFINGHAM, ILLINOIS

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

Methods and Assumptions Used to Determine 2021 Contribution Rates: (Continued)

Mortality: For Non-Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2019, actuarial valuation.

CITY OF EFFINGHAM, ILLINOIS

**POLICE PENSION FUND
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)**

For the year ended April 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:								
Service cost	\$ 457,585	\$ 473,844	\$ 453,043	\$ 450,153	\$ 460,855	\$ 463,641	\$ 412,725	\$ 407,508
Interest on the total pension liability	1,750,247	1,742,153	1,349,783	1,476,379	1,409,589	1,378,840	1,311,744	1,199,772
Changes of benefit terms	-	-	121,650	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	(627,518)	233,222	1,182,475	(2,450,326)	301,630	(360,569)	201,440	(651,652)
Changes of assumptions	-	-	3,822,618	-	-	-	-	1,552,606
Benefit payments	<u>(1,526,036)</u>	<u>(1,391,693)</u>	<u>(1,288,526)</u>	<u>(1,306,052)</u>	<u>(1,078,136)</u>	<u>(982,566)</u>	<u>(888,995)</u>	<u>(815,909)</u>
Net change in total pension liability	54,278	1,057,526	5,641,043	(1,829,846)	1,093,938	499,346	1,036,914	1,692,325
Total pension liability - beginning of period	<u>27,339,611</u>	<u>26,282,085</u>	<u>20,641,042</u>	<u>22,470,888</u>	<u>21,376,950</u>	<u>20,877,604</u>	<u>19,840,690</u>	<u>18,148,365</u>
Total pension liability - end of period	<u>\$ 27,393,889</u>	<u>\$ 27,339,611</u>	<u>\$ 26,282,085</u>	<u>\$ 20,641,042</u>	<u>\$ 22,470,888</u>	<u>\$ 21,376,950</u>	<u>\$ 20,877,604</u>	<u>\$ 19,840,690</u>
Plan fiduciary net position:								
Member contributions	\$ 898,209	\$ 594,504	\$ 156,273	\$ 376,401	\$ 168,119	\$ 148,675	\$ 146,396	\$ 142,384
Employer contributions	192,729	180,631	847,775	830,981	832,798	792,618	618,018	472,239
Other contributions	25,978	-	-	-	-	-	-	-
Net investment income	(995,164)	4,975,096	(163,630)	868,246	1,321,164	1,327,878	12,453	973,618
Benefit payments	(1,526,036)	(1,391,693)	(1,288,526)	(1,306,052)	(1,078,136)	(982,566)	(888,995)	(815,909)
Administrative expense	<u>(36,763)</u>	<u>(33,308)</u>	<u>(26,196)</u>	<u>(16,052)</u>	<u>(23,653)</u>	<u>(22,033)</u>	<u>(20,884)</u>	<u>(15,418)</u>
Net change in plan fiduciary net position	(1,441,047)	4,325,230	(474,304)	753,524	1,220,292	1,264,572	(133,012)	756,914
Plan fiduciary net position - beginning of year	<u>21,365,113</u>	<u>17,039,883</u>	<u>17,514,187</u>	<u>16,760,663</u>	<u>15,540,371</u>	<u>14,248,028</u>	<u>14,381,040</u>	<u>13,624,126</u>
Plan fiduciary net position - end of year	<u>\$ 19,924,066</u>	<u>\$ 21,365,113</u>	<u>\$ 17,039,883</u>	<u>\$ 17,514,187</u>	<u>\$ 16,760,663</u>	<u>\$ 15,512,600</u>	<u>\$ 14,248,028</u>	<u>\$ 14,381,040</u>
Net pension liability	\$ 7,469,823	\$ 5,974,498	\$ 9,242,202	\$ 3,126,855	\$ 5,710,225	\$ 5,864,350	\$ 6,629,576	\$ 5,459,650
Plan fiduciary net position as a percentage of total pension liability	72.73%	78.15%	64.83%	84.85%	74.59%	72.57%	68.25%	72.48%
Covered-Employee payroll	\$ 1,951,200	\$ 1,815,526	\$ 1,758,379	\$ 1,848,484	\$ 1,759,716	\$ 1,732,734	\$ 1,435,206	\$ 1,408,610
Net pension liability as a percentage of covered-employee payroll	382.83%	329.08%	525.61%	169.16%	324.50%	338.44%	461.93%	387.59%

Notes to Schedule

This schedule is to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Changes in assumptions:

- For the 2020 year, the mortality retirement, termination, disability, and marital assumptions have been updated. The mortality assumption has been updated by changes in the MP-2019 table and rates are being applied on a fully generational basis. The projected pay increases has been updated for the current collective bargaining agreement. The projected total payroll, increases, consumer price index, and inflation assumptions have been updated as well. The High-Quality 20 Year Tax Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 3.79% to 2.56%.
- For the 2021 year, the High-Quality 20 Year Tax Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 2.56% to 2.27%.
- For the 2022 year, the High-Quality 20 Year Tax Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 2.27% to 3.21%.

CITY OF EFFINGHAM, ILLINOIS

**POLICE PENSION FUND
SCHEDULES OF ANNUAL MONEY-WEIGHTED RATE
OF RETURN AND EMPLOYER CONTRIBUTIONS**

SCHEDULE OF ANNUAL MONEY WEIGHTED RATE OF RETURN

Annual money-weighted rate of return, net of investment expenses for the year ended April 30,

2022	-4.82%
2021	29.72%
2020	-0.77%
2019	5.22%
2018	8.45%
2017	11.01%
2016	0.10%
2015	7.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>FY Ended April 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contribution as a Percentage of Covered-Employee Payroll</u>
2022	\$ 882,266	\$ 898,209	\$ (15,943)	\$1,951,200	46.03%
2021	577,776	594,504	(16,728)	1,815,526	32.75%
2020	832,870	847,775	(14,905)	1,758,379	48.21%
2019	820,230	830,981	(10,751)	1,848,484	44.95%
2018	822,649	832,798	(10,149)	1,759,716	47.33%
2017	780,846	792,618	(11,772)	1,732,734	45.74%
2016	608,277	618,018	(9,741)	1,435,206	43.06%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF EFFINGHAM, ILLINOIS

**POLICE PENSION FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Summary of Actuarial Methods and Assumptions Used in the Calculation of the Contribution Rate

The Actuarially Determined Contribution shown above for the current year is the Recommended Contribution from the May 1, 2020 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2020 tax levy, if applicable. The methods and assumptions shown below are based on the same Actuarial Valuation.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Amortization Target	100% Funded Over 20 Years
Asset Valuation Method	5-year smoothed fair value
Inflation (CPI-U)	2.25%
Total Payroll Increases	3.25% per year
Individual Pay Increases	4.00% - 14.16%
Investment Rate of Return	6.75%

Mortality Rates: Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

Retirement Rates: 100% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65

Termination Rates: 100% of L&A 2020 Illinois Police Termination Rates

Disability Rates: 100% of L&A 2020 Illinois Police Disability Rates

CITY OF EFFINGHAM, ILLINOIS

**FIREFIGHTER'S PENSION FUND
SCHEDULES OF CHANGES IN NET PENSION AND RELATED RATIOS (UNAUDITED)
For the year ended April 30,**

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:								
Service cost	\$ 444,704	\$ 447,669	\$ 336,989	\$ 359,881	\$ 373,345	\$ 367,656	\$ 330,995	\$ 322,646
Interest on the total pension liability	1,249,599	1,272,845	1,024,233	1,033,017	993,224	940,955	908,974	821,050
Changes of benefit terms	-	-	48,706	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	(1,077,496)	(230,574)	661,912	(586,389)	47,709	245,864	(26,429)	(183,627)
Changes of assumptions	-	-	2,784,798	-	-	-	-	1,048,345
Benefit payments	(991,128)	(955,245)	(941,062)	(860,521)	(794,468)	(767,991)	(715,839)	(697,361)
Net change in total pension liability	(374,321)	534,695	3,915,576	(54,012)	619,810	786,484	497,701	1,311,053
Total pension liability - beginning of period	20,094,629	19,559,934	15,644,358	15,698,370	15,078,560	14,292,076	13,794,375	12,483,322
Total pension liability - end of period	<u>\$ 19,720,308</u>	<u>\$ 20,094,629</u>	<u>\$ 19,559,934</u>	<u>\$ 15,644,358</u>	<u>\$ 15,698,370</u>	<u>\$ 15,078,560</u>	<u>\$ 14,292,076</u>	<u>\$ 13,794,375</u>
Plan fiduciary net position:								
Member contributions	\$ 944,563	\$ 126,577	\$ 110,500	\$ 115,282	\$ 118,790	\$ 110,561	\$ 107,469	\$ 100,923
Employer contributions	117,231	722,389	776,440	735,831	665,871	634,222	550,492	553,371
Other contributions	7,902	-	-	-	-	-	-	-
Net investment income	(715,835)	2,923,790	(30,699)	524,217	658,566	590,766	(53,366)	496,134
Benefit payments	(991,128)	(955,245)	(941,062)	(860,521)	(794,468)	(767,991)	(715,839)	(697,361)
Administrative expense	(51,495)	(28,188)	(25,671)	(14,044)	(25,668)	(15,707)	(19,636)	(13,123)
Net change in plan fiduciary net position	(688,762)	2,789,323	(110,492)	500,765	623,091	551,851	(130,880)	439,944
Plan fiduciary net position - beginning of year	13,221,537	10,432,214	10,542,704	10,041,939	9,418,848	8,866,997	8,997,877	8,557,933
Plan fiduciary net position - end of year	<u>\$ 12,532,775</u>	<u>\$ 13,221,537</u>	<u>\$ 10,432,212</u>	<u>\$ 10,542,704</u>	<u>\$ 10,041,939</u>	<u>\$ 9,418,848</u>	<u>\$ 8,866,997</u>	<u>\$ 8,997,877</u>
Net pension liability	\$ 7,187,533	\$ 6,873,092	\$ 9,127,722	\$ 5,101,654	\$ 5,656,431	\$ 5,659,712	\$ 5,425,079	\$ 4,796,498
Plan fiduciary net position as a percentage of total pension liability	63.55%	65.80%	53.33%	67.39%	63.97%	62.47%	62.04%	65.23%
Covered-Employee payroll	\$ 1,232,055	\$ 1,322,270	\$ 1,280,649	\$ 1,202,420	\$ 1,275,215	\$ 1,221,698	\$ 1,087,290	\$ 1,060,692
Net pension liability as a percentage of covered-employee payroll	583.38%	519.79%	712.74%	424.28%	443.57%	463.27%	498.95%	452.20%

Notes to Schedule

This schedule is to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Changes in assumptions:

- For the 2020 year, the mortality retirement, termination, disability, and marital assumptions have been updated. The mortality assumption has been updated by changes in the MP-2019 table and rates are being applied on a fully generational basis. The projected pay increases has been updated for the current collective bargaining agreement. The projected total payroll, increases, consumer price index, and inflation assumptions have been updated as well. The High-Quality 20 Year Tax Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 3.79% to 2.56%.
- For the 2021 year, the High-Quality 20 Year Tax Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 2.56% to 2.27%.
- For the 2022 year, The High-Quality 20 Year Tax Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 2.27% to 3.21%.

CITY OF EFFINGHAM, ILLINOIS
FIREFIGHTERS PENSION FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

SCHEDULE OF ANNUAL MONEY WEIGHTED RATE OF RETURN

Annual money-weighted rate of return, net of investment expenses for the year ended April 30,

2022	-5.56%
2021	28.14%
2020	-0.22%
2019	5.21%
2018	6.98%
2017	5.26%
2016	-0.59%
2015	5.81%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FY Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a Percentage of Covered-Employee Payroll
2022	\$ 936,903	\$ 944,563	\$ (7,660)	\$1,232,055	76.67%
2021	713,395	722,389	(8,994)	1,322,270	54.63%
2020	768,518	776,440	(7,922)	1,280,649	60.63%
2019	733,034	735,831	(2,797)	1,202,420	61.20%
2018	663,249	665,871	(2,622)	1,275,215	52.22%
2017	630,199	634,222	(4,023)	1,221,698	51.91%
2016	522,112	550,492	(28,380)	1,087,290	50.63%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF EFFINGHAM, ILLINOIS
FIREFIGHTERS PENSION FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Summary of Actuarial Methods and Assumptions Used in the Calculation of the Contribution Rate

The Actuarially Determined Contribution shown above for the current year is the Recommended Contribution from the May 1, 2020 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2020 tax levy, if applicable. The methods and assumptions shown below are based on the same Actuarial Valuation.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Amortization Target	100% Funded Over 20 Years
Asset Valuation Method	5-year smoothed fair value
Inflation (CPI-U)	2.25%
Total Payroll Increases	3.25%
Individual Pay Increases	4.00% - 19.89%
Investment Rate of Return	6.75%

Mortality Rates: Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

Retirement Rates: 100% of L&A 2020 Illinois Firefighters Retirement Rates Capped at Age 65

Termination Rates: 100% of L&A 2020 Illinois Firefighters Termination Rates

Disability Rates: 100% of L&A 2020 Illinois Firefighters Disability Rates

CITY OF EFFINGHAM, ILLINOIS

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended April 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-Employee payroll	<u>\$ 7,715,495</u>	<u>\$ 7,490,772</u>	<u>\$ 7,272,594</u>	<u>\$ 6,446,613</u>
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

There is no ADC or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB Liability. However, the City did make contributions from other City resources in the current year in the amount of \$224,070.

This schedule is to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF EFFINGHAM, ILLINOIS

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
(UNAUDITED)**

For the year ended April 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:				
Service cost	\$ 194,847	\$ 126,941	\$ 94,888	\$ 87,988
Interest on the total pension liability	77,578	89,337	119,250	124,805
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	-	190,561	-	-
Changes of assumptions	(635,154)	(218,622)	411,510	51,038
Benefit payments	<u>(224,070)</u>	<u>(296,735)</u>	<u>(267,492)</u>	<u>(255,189)</u>
Net change in total OPEB liability	(586,799)	(108,518)	358,156	8,642
Total OPEB liability - beginning of period	<u>3,529,578</u>	<u>3,638,096</u>	<u>3,279,940</u>	<u>3,271,298</u>
Total OPEB liability - end of period	<u><u>\$ 2,942,779</u></u>	<u><u>\$ 3,529,578</u></u>	<u><u>\$ 3,638,096</u></u>	<u><u>\$ 3,279,940</u></u>
OPEB plan net position:				
Contributions - employer	\$ 224,070	\$ 296,735	\$ 267,492	\$ 255,189
Contributions - member	-	-	-	-
Contributions - other	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(224,070)	(296,735)	(267,492)	(255,189)
Other - admin expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in OPEB plan net position	-	-	-	-
OPEB plan net position - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPEB plan net position - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability	\$ 2,942,779	\$ 3,529,578	\$ 3,638,096	\$ 3,279,940
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%	0.00%
Covered-Employee payroll	\$ 7,715,495	\$ 7,490,772	\$ 7,272,594	\$ 6,446,613
Net OPEB liability as a percentage of covered-employee payroll	38.14%	47.12%	50.02%	50.88%

This schedule is to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND**

For the year ended April 30, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ 12,689,600	\$ 15,949,010	\$ 3,259,410
Licenses and permits	182,500	219,145	36,645
Intergovernmental grants	1,604,000	45,602	(1,558,398)
Charges for services	195,800	344,912	149,112
Fines and forfeitures	77,850	46,967	(30,883)
Investment income	28,500	19,677	(8,823)
Contributions and miscellaneous revenues	355,500	371,393	15,893
Total revenues	<u>15,133,750</u>	<u>16,996,706</u>	<u>1,862,956</u>
Expenditures:			
Current:			
General government	2,895,676	2,412,663	483,013
Public safety	7,742,720	6,603,016	1,139,704
Public works	2,719,625	2,060,397	659,228
Economic development	933,350	337,640	595,710
Capital outlay	<u>2,547,537</u>	<u>1,359,263</u>	<u>1,188,274</u>
Total expenditures	<u>16,838,908</u>	<u>12,772,979</u>	<u>4,065,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,705,158)</u>	<u>4,223,727</u>	<u>5,928,885</u>
Other financing sources (uses):			
Operating transfers in	140,000	100,000	(40,000)
Operating transfers out	(2,435,000)	(2,303,009)	131,991
Obligations under capital leases	-	616,995	616,995
Sale of property	<u>60,500</u>	<u>68,024</u>	<u>7,524</u>
Total other financing sources (uses)	<u>(2,234,500)</u>	<u>(1,517,990)</u>	<u>716,510</u>
Net change in fund balance	<u>\$ (3,939,658)</u>	<u>2,705,737</u>	<u>\$ 6,645,395</u>
Fund balances, beginning of year as restated		<u>12,379,855</u>	
Fund balances, end of year		<u>\$ 15,085,592</u>	

CITY OF EFFINGHAM, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
TAX INCREMENT FINANCING FUND - MAIN
For the year ended April 30, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ 3,405,500	\$ 3,440,315	\$ 34,815
Investment income	21,600	5,544	(16,056)
Total revenues	<u>3,427,100</u>	<u>3,445,859</u>	<u>18,759</u>
Expenditures:			
Current:			
Economic development	1,218,300	966,390	251,910
Capital outlay	1,490,000	771,005	718,995
Debt service:			
Principal	435,000	435,000	-
Interest and fiscal charges	25,100	18,849	6,251
Total expenditures	<u>3,168,400</u>	<u>2,191,244</u>	<u>977,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>258,700</u>	<u>1,254,615</u>	<u>995,915</u>
Other financing sources (uses):			
Operating transfers out	<u>(3,683,700)</u>	<u>(1,404,000)</u>	<u>2,279,700</u>
Total other financing sources (uses)	<u>(3,683,700)</u>	<u>(1,404,000)</u>	<u>2,279,700</u>
Net change in fund balance	<u>\$ (3,425,000)</u>	<u>(149,385)</u>	<u>\$ 3,275,615</u>
Fund balances, beginning of year		<u>3,755,150</u>	
Fund balances, end of year		<u>\$ 3,605,765</u>	

CITY OF EFFINGHAM, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETARY INFORMATION

Annual budgets for governmental funds are adopted on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Actual amounts are presented in accordance with generally accepted accounting principles. The difference is deemed to be immaterial. All annual budgets lapse at fiscal year-end.

The City follows these procedures in establishing the budget amounts:

1. A proposed appropriations ordinance for the fiscal year commencing May 1, is submitted to the city council. The appropriations ordinance includes proposed expenditures and the means of financing them. Revenues are appropriated in the year receipt is expected, and expenditures are appropriated in the year monies are expected to be expended.
2. The appropriations are legally enacted through passage of an ordinance.
3. At any time during the fiscal year, the City Council may by a two-thirds vote, transfer money appropriated within any department to another appropriation line item within that department.
4. At any time during the year, the Board members of the City may adopt a supplemental appropriation ordinance for additional appropriations not in excess of additional revenue available to the City.
5. The budget ordinance was adopted on April 20, 2021.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF EFFINGHAM, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

April 30, 2022

	<u>Motor Fuel Tax Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Ford Avenue Business District Fund</u>
Assets:			
Cash and cash equivalents	\$ 1,723,219	\$ 2,764,257	\$ 270,858
Receivables (net of allowance for uncollectibles)	41,368	191,432	33,988
Prepaid expenditures	<u>-</u>	<u>435</u>	<u>-</u>
 Total assets	 <u><u>\$ 1,764,587</u></u>	 <u><u>\$ 2,956,124</u></u>	 <u><u>\$ 304,846</u></u>
 Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ 60,482	\$ 16,790	\$ 45,048
Due to other funds	<u>4,450</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u><u>64,932</u></u>	 <u><u>16,790</u></u>	 <u><u>45,048</u></u>
 Deferred inflow of resources:			
Property taxes and unavailable revenue	<u>-</u>	<u>17,635</u>	<u>10,969</u>
 Fund balances:			
Nonspendable - prepaid expenditures	-	435	-
Restricted for:			
Culture and recreation	-	2,921,264	-
Economic development	-	-	248,829
Highways and streets	<u>1,699,655</u>	<u>-</u>	<u>-</u>
 Total fund balances	 <u><u>1,699,655</u></u>	 <u><u>2,921,699</u></u>	 <u><u>248,829</u></u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 1,764,587</u></u>	 <u><u>\$ 2,956,124</u></u>	 <u><u>\$ 304,846</u></u>

CITY OF EFFINGHAM, ILLINOIS

**COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2022**

	<u>Northwest Business District Fund</u>	<u>Triangle Business District Fund</u>	<u>Banker Street Business District Fund</u>
Assets:			
Cash and cash equivalents	\$ 655,432	\$ 1,050,728	\$ 247,378
Receivables (net of allowance for uncollectibles)	41,512	136,982	51,912
Prepaid expenditures	-	-	-
Total assets	<u><u>\$ 696,944</u></u>	<u><u>\$ 1,187,710</u></u>	<u><u>\$ 299,290</u></u>
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ -	\$ 3,004	\$ -
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>3,004</u>	<u>-</u>
Deferred inflow of resources:			
Property taxes and unavailable revenue	11,729	45,963	18,003
Fund balances:			
Nonspendable - prepaid expenditures	-	-	-
Restricted for:			
Culture and recreation	-	-	-
Economic development	685,215	1,138,743	281,287
Highways and streets	-	-	-
Total fund balances	<u>685,215</u>	<u>1,138,743</u>	<u>281,287</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 696,944</u></u>	<u><u>\$ 1,187,710</u></u>	<u><u>\$ 299,290</u></u>

CITY OF EFFINGHAM, ILLINOIS

**COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2022**

	Interstate North Business District Fund	TIF Central Fund	TIF Outer Belt West Fund
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 147,192	\$ 1,227,756	\$ 120,625
Receivables (net of allowance for uncollectibles)	46,029	670,000	187,000
Prepaid expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 193,221</u></u>	<u><u>\$ 1,897,756</u></u>	<u><u>\$ 307,625</u></u>
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ 250	\$ 3,036	\$ 910
Due to other funds	<u>3,742</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,992</u>	<u>3,036</u>	<u>910</u>
Deferred inflow of resources:			
Property taxes and unavailable revenue	<u>15,760</u>	<u>670,000</u>	<u>187,000</u>
Fund balances:			
Nonspendable - prepaid expenditures	-	-	-
Restricted for:			
Culture and recreation	-	-	-
Economic development	173,469	1,224,720	119,715
Highways and streets	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>173,469</u>	<u>1,224,720</u>	<u>119,715</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 193,221</u></u>	<u><u>\$ 1,897,756</u></u>	<u><u>\$ 307,625</u></u>

CITY OF EFFINGHAM, ILLINOIS

**COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2022**

	<u>TIF Industrial Fund</u>	<u>Total Nonmajor Funds</u>
Assets:		
Cash and cash equivalents	\$ 779,551	\$ 8,986,996
Receivables (net of allowance for uncollectibles)	504,000	1,904,223
Prepaid expenditures	-	435
Total assets	<u>\$ 1,283,551</u>	<u>\$ 10,891,654</u>
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ 21,707	\$ 151,227
Due to other funds	-	8,192
Total liabilities	<u>21,707</u>	<u>159,419</u>
Deferred inflow of resources:		
Property taxes and unavailable revenue	<u>504,000</u>	<u>1,481,059</u>
Fund balances:		
Nonspendable - prepaid expenditures	-	435
Restricted for:		
Culture and recreation	-	2,921,264
Economic development	757,844	4,629,822
Highways and streets	-	1,699,655
Total fund balances	<u>757,844</u>	<u>9,251,176</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,283,551</u>	<u>\$ 10,891,654</u>

CITY OF EFFINGHAM, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2022**

	Motor Fuel Fund	Hotel/Motel Tax Fund	Ford Avenue Business District Fund
Revenues:			
Taxes	\$ 490,821	\$ 1,295,353	\$ 167,691
Intergovernmental grants	288,253	137,170	-
Investment income (loss)	2,863	(5,103)	442
Miscellaneous income	1,037	58,842	-
Total revenues	<u>782,974</u>	<u>1,486,262</u>	<u>168,133</u>
Expenditures:			
Current:			
Public works	11,584	-	-
Culture and recreation	-	536,765	-
Economic development	-	-	37,034
Capital outlay	160,924	54,051	-
Total expenditures	<u>172,508</u>	<u>590,816</u>	<u>37,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>610,466</u>	<u>895,446</u>	<u>131,099</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	(309,625)	-
Sale of property	-	448,062	-
Total other financing sources (uses)	<u>-</u>	<u>138,437</u>	<u>-</u>
Net change in fund balances	610,466	1,033,883	131,099
Fund balances, beginning of year	<u>1,089,189</u>	<u>1,887,816</u>	<u>117,730</u>
Fund balances, end of year	<u>\$ 1,699,655</u>	<u>\$ 2,921,699</u>	<u>\$ 248,829</u>

CITY OF EFFINGHAM, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2022**

	Northwest Business District Fund	Triangle Business District Fund	Banker Street Business District Fund
Revenues:			
Taxes	\$ 174,811	\$ 583,457	\$ 206,388
Intergovernmental grants	-	-	-
Investment income (loss)	1,079	2,266	280
Miscellaneous income	-	-	43,808
Total revenues	<u>175,890</u>	<u>585,723</u>	<u>250,476</u>
Expenditures:			
Current:			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	40,376	52,813	8,943
Capital outlay	<u>15,115</u>	<u>927,848</u>	<u>-</u>
Total expenditures	<u>55,491</u>	<u>980,661</u>	<u>8,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>120,399</u>	<u>(394,938)</u>	<u>241,533</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Sale of property	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	120,399	(394,938)	241,533
Fund balances, beginning of year	<u>564,816</u>	<u>1,533,681</u>	<u>39,754</u>
Fund balances, end of year	<u><u>\$ 685,215</u></u>	<u><u>\$ 1,138,743</u></u>	<u><u>\$ 281,287</u></u>

CITY OF EFFINGHAM, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2022**

	Interstate North Business District Fund	TIF Central Fund	TIF Outer Belt West Fund
Revenues:			
Taxes	\$ 187,301	\$ 602,462	\$ 183,662
Intergovernmental grants	-	-	-
Investment income (loss)	-	1,551	796
Miscellaneous income	-	-	-
Total revenues	<u>187,301</u>	<u>604,013</u>	<u>184,458</u>
Expenditures:			
Current:			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	26,386	167,693	298,420
Capital outlay	-	216,395	309,965
Total expenditures	<u>26,386</u>	<u>384,088</u>	<u>608,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>160,915</u>	<u>219,925</u>	<u>(423,927)</u>
Other financing sources (uses):			
Operating transfers in	-	640,000	55,000
Operating transfers out	-	(156,000)	(23,000)
Sale of property	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>484,000</u>	<u>32,000</u>
Net change in fund balances	160,915	703,925	(391,927)
Fund balances, beginning of year	<u>12,554</u>	<u>520,795</u>	<u>511,642</u>
Fund balances, end of year	<u>\$ 173,469</u>	<u>\$ 1,224,720</u>	<u>\$ 119,715</u>

CITY OF EFFINGHAM, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2022**

	TIF Industrial Fund	Total Nonmajor Funds
Revenues:		
Taxes	\$ 448,399	\$ 4,340,345
Intergovernmental grants	-	425,423
Investment income (loss)	230	4,404
Miscellaneous income	-	103,687
Total revenues	448,629	4,873,859
Expenditures:		
Current:		
Public works	-	11,584
Culture and recreation	-	536,765
Economic development	448,681	1,080,346
Capital outlay	-	1,684,298
Total expenditures	448,681	3,312,993
Excess (deficiency) of revenues over (under) expenditures	(52)	1,560,866
Other financing sources (uses):		
Operating transfers in	500,000	1,195,000
Operating transfers out	(100,000)	(588,625)
Sale of property	-	448,062
Total other financing sources (uses)	400,000	1,054,437
Net change in fund balances	399,948	2,615,303
Fund balances, beginning of year	357,896	6,635,873
Fund balances, end of year	\$ 757,844	\$ 9,251,176

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY

CITY OF EFFINGHAM, ILLINOIS

**CONSOLIDATED YEAR-END FINANCIAL REPORT
For the Year Ended April 30, 2022**

CSFA#	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
420-25-1606	Local Tourism & Convention Bureau	167,602	-	30,063	197,665
420-75-1633	Community Development Block Grant Housing Rehabilitation Program	-	5,550	-	5,550
420-75-2398	Downstate Small Business Stabilization Program	-	25,000	-	25,000
494-00-1000	Illinois Transportation Enhancements Program	-	5,795	1,449	7,244
494-00-1488	Motor Fuel Tax Program	160,924	-	-	160,924
532-00-2476	Unsewered Communities Planning Grant Program	15,000	-	-	15,000
	Other grant programs and activities	-	-	-	-
	All other costs not allocated	-	-	26,217,783	26,217,783
Totals:		\$ 343,526	\$ 36,345	\$26,249,295	\$ 26,629,166

STATISTICAL DATA

CITY OF EFFINGHAM, ILLINOIS

**SCHEDULE OF INSURANCE COVERAGE
(UNAUDITED)
April 30, 2022**

Coverage	Total Available Limits for Members
Liability Coverages	\$8,000,000 each occurrence,
General Liability	each member, for all applicable
Broad Form Property	coverages including "Special
Civil Constitutional Rights-Assault/Battery	Liability Coverages" listed below;
Contractual Liability	even if more than one coverage
Employee Benefit Programs Liability	applies to the same loss.
Incidental Malpractice	
Intentional Building Removal	\$16,000,000 annual aggregate,
Limited Worldwide Liability	each Member, as respects, RMA 1,
Personal Injury/Advertising Liability	RMA 2, and RMA 4
Watercraft Liability	
Personal Injury as Respects Employment Practices	
Public Officials/Employees	
Auto Liability	
Special Liability Coverages	
Premises Medical Payments	\$3,000 per person; \$1,000,000 per occurrence
Fire Legal Liability	\$100,000 per occurrence; \$100,000 annual agg.
Equal Employment Opportunity Comm. (EEOC) - defense only	\$15,000 per occurrence; \$15,000 annual agg.
Liquor Liability - Special Events & Host	\$1,000,000 per occurrence; \$1,000,000 annual agg.
Auto Medical Payments	\$10,000 per person; \$1,000,000 per occurrence
Uninsured/Underinsured Motorist	\$100,000 per person; \$300,000 per accident
Property Coverages	
Auto Physical Damage	Combined limit: \$30,000,000 any location, per occurrence;
Building/Personal Property	\$250,000 per occurrence, all Members
Inland Marine	\$50,000 extra expense
Valuable Papers/Records and Electronic Media/Records	\$50,000 per occurrence
Flood/Earthquake (combined)	*\$76,500,000 annual agg. All Members

*Catastrophe Coverage - Flood/Earthquake

All Members incurring losses exceeding the applicable annual aggregate limits during the same calendar year shall share on a pro rata basis that portion of the annual aggregate limit for all Members for that calendar year that remains after all claims for that calendar year have been settled.

CITY OF EFFINGHAM, ILLINOIS

**SCHEDULE OF INSURANCE COVERAGE (Continued)
(UNAUDITED)
April 30, 2022**

Coverage	Total Available Limits for Members
Stand-Alone Coverages	
Crime	\$100,000 per occurrence
Worker's Comp/Occupational Disease	Statutory
Employer's Liability	\$3,000,000 per accident
Public Official Position Bond	As stated in the schedule filed with the Association
Information Security Protection Coverage	
Privacy and Security Liability and Regulatory (claims-made)	\$250,000 per occurrence, per Member, for all applicable coverages
Security Breach Response Coverage (claims-made)	\$5,000,000 annual aggregate all Members
PCI DSS Assessments Coverage (claims-made)	
Cyber Extortion Threats (claims-made)	
Business Income Loss and Digital Access Restoration (claims-made); Waiting Period - 8 hours	
Claim preparation costs applicable to Business Income Loss	\$10,000 per loss
Multimedia Liability (claims-made)	

CITY OF EFFINGHAM, ILLINOIS

**COMPUTATION OF LEGAL DEBT MARGIN
(UNAUDITED)
April 30, 2022**

Assessed valuation, 2021 levy		\$ 311,780,523
Statutory debt limitation, 8.625% of assessed valuation		\$ 26,891,070
Total debt:		
General obligation bond	(9,275,000)	
Refunding bond	(1,165,000)	
Advanced refunding bond	<u>(1,670,000)</u>	
Total debt		(12,110,000)
Less debt exempt from statutory debt limitation computation:		
General obligation bond	9,275,000	
Refunding bond	1,165,000	
Advanced refunding bond	<u>1,670,000</u>	
Total debt exempt from statutory debt limitation		<u>12,110,000</u>
Legal debt margin		<u><u>\$ 26,891,070</u></u>

CITY OF EFFINGHAM, ILLINOIS

**MISCELLANEOUS STATISTICS
(UNAUDITED)
April 30, 2022**

	<u>Water</u>
Number of metered customers, April 30, 2022	5,243
Number of unmetered customers, April 30, 2022	<u>-</u>
Total customers, April 30, 2022	<u>5,243</u>
Gallons of water pumped	574,934,000
Less amount used to wash filter	<u>(16,163,000)</u>
Gallons of water available	<u>558,771,000</u>
	<u>Sewer</u>
Number of metered customers, April 30, 2022	4,944
Number of unmetered customers, April 30, 2022	<u>-</u>
Total customers, April 30, 2022	<u>4,944</u>
Gallons of water billed	<u>479,649,192</u>
Gallons received at wastewater plant	<u>894,278,000</u>
Number of customers discharging non-domestic wastes	<u>182</u>
Gallons of non-domestic wastes discharged	<u>73,087,235</u>